

EUROPEAN NEWS

Tom Burns visits a Spanish copper community which faces extinction Rio Tinto miners fight 'capitalismo Ingles'

THE VILLAGE of Minas de Rio Tinto is flanked by huge open cast mining pits and grim little villas, built for British engineers last century, which appear better suited to English suburbs than to the abrupt mountains of the Sierra de Huelva in south-west Spain.

A sullen and expectant peace has descended on Minas, in the heart of the Rio Tinto valley, and on the four villages that surround it since work resumed at the beginning of the month on the copper seams that gave the Tinto River its wine-dark hue and its name.

Neither the proprietors—Rio Tinto Minera (RTM) which is 49 per cent owned by Rio Tinto Zinc (RTZ) corporation—nor the labour force believe that the final curtain has been drawn on the most bitter local dispute since copper was first exploited in the valley in the early Bronze Age, around 3000 BC.

The pessimism is shared by the Socialist-controlled regional government of southern Spain, the Junta de Andalucía, which blocked RTM's attempt to impose a mass 18-month lay-off in July and ordered the company to restart its copper operations on October 1. Mr Jose Recio, the Junta's Minister in charge of regional development, says that the Rio Tinto valley represents "a grave, a very grave problem, perhaps the biggest we've ever faced."

Confrontation came to a head last month when the three roads leading to Minas were blocked by picket lines while the Guardia Civil constabulary prudently retired to their barracks. Scarcely any copper is being produced. "Capitalismo Ingles" swung from the roadside pine trees where the pickets camped and company cars were barred from the area which RTZ has turned into an international business trademark.

A widespread distrust over what are perceived to be ruthless machinations by the British multinational has given added zest to a dispute which has to do essentially with the depressed world price for copper.

Strictly enforcing a strike to pre-empt a feared company lock-out, RTM's labour force of 1,500 gathered by the main pit, once a reddish-tinged, gorse covered peak and now a gaping hole nearly 400 metres deep and more than a kilometre long at its widest point.

At the pit's entrance, on the northern boundary of Minas, graffiti included obscene rhyming slogans to the effect that the copper miners were fed up with the English "ladrones"—robbers.

According to the proprietors, copper exploitation is utterly unviable for the foreseeable future in the Sierra de Huelva. "It is costing us Pta 350,000 to produce one metric ton of copper which we are presently able to sell for Pta 185,000 and that's simply operating costs without including financial



charges," said Mr Eduardo Erasma, RTM's spokesman. The company lost Pta 1,182m (\$6m) last year, a further Pta 20m in the first six months of this year and foresees losses of Pta 42m for the whole of 1986.

RTM's labour force counters with the charge that the company management has little interest in making the mining complex viable. "Our future lies in new exploration and there is none of that," said Mr Miguel Romero, the local leader of the Socialist Union General de Trabajadores (UGT) trade union.

"There are many possibilities, there are the human and mineral resources to make the mines viable but there is a bad

faith that is little short of employer terrorism."

In July RTM took the decision to cease copper production and to suspend a total of 1,500 men, the entire labour force concerned with copper operations, for 18 months. UGT's response was to stop work on the company's profitable gold and silver operations (the copper seams are covered by a layer of gypsum which contains both metals) and to declare a strike at RTM's copper smelter in the nearby port of Huelva where about half of the ore processed is imported from an RTZ copper mine in Papua New Guinea.

By late August the dispute took a new twist when the Junta de Andalucía stepped in. The regional government adopted a report prepared by the UGT which argued the viability of RTM and persuaded the Employment Ministry in Madrid to block the company's lay-off plan. "First copper production has to start up again and only then can we talk about RTM's future," said Mr Recio.

Uppermost in the minds of the Junta officials was the fact that, as Mr Recio put it, "RTM is more than a company, it is a sociological phenomenon. We're talking about five villages, about 300,000 people, who have lived off copper for more than 100 years."

Last week RTM's board backed down and the giant excavators began to work again. The company said it was resum-

France and Spain calm conflict over fishing

By David White in Madrid

A TRUCE in the Bay of Biscay fishing conflict, which came to a head in June when Spanish fishermen blockaded the French port of Hendaye for three days, has removed one of the two main sources of friction remaining between Paris and Madrid.

The settlement was the principal outcome of a week-long meeting near Saragossa which brought together foreign, agriculture and defence ministers and other high officials. Although problems remain between Spain and France over EEC policies towards non-member Mediterranean countries—competitors for Spanish farm products—the mood of the talks augurs well for the reception which Mr Jacques Chirac, the French Prime Minister, will get when he visits Madrid on November 6.

The talks were the sixth in a series of "summits" begun in 1983 to clear up bilateral misunderstandings, and the first since the Chirac-centred government came to power in March. French moves to crack down on cross-border terrorist activity in the Basque region—18 suspects have been handed over to Spanish police—has meant that, to the surprise of most Spaniards, the climate is now at least as good as it was when both countries had socialist governments.

Mr Chirac's talks next month is due to be followed by a Presidential visit by Mr Francois Mitterrand in January, part of a programme of annual contacts agreed between the two countries.

The fishing agreement means that Spanish vessels will be able to resume activity from next week in the contested area of French-controlled waters in the Bay of Biscay known in Spain as the Estrecho Triangular. In an effort to prevent over-fishing, Spain has agreed to supply a list of boats due to fish in the area, where they were accustomed to operate until December until EEC entry this year.

Fishermen's organisations on both sides of the border are meanwhile being given until June 29 next year to draw up a "code of good conduct" to avert more ugly incidents. Legal actions in both countries against individual fishing vessels are being dropped, although Mr Francois Guillaume, the French Agriculture Minister, said compensation would still be sought for the damage done in the Hendaye blockade.

The two sides also moved to co-ordinate their positions on some agricultural dossiers in the EEC, including vegetable oils and the distillation of surplus wine.

Chirac to plead for Paris to host Olympics

BY PAUL BETTS IN PARIS

MR JACQUES CHIRAC, the French conservative Prime Minister, is planning to make a last ditch effort to win the 1992 Olympics for France by pleading personally the case for hosting the games in Paris before the International Olympic Committee (IOC) in Lausanne later this month.

The initiative of Mr Chirac, who is also mayor of Paris, comes at a time when Barcelona appears to have taken a clear lead in the 1992 Olympic stakes. The final choice for both the sites of the 1992 summer and winter Olympics will be taken by the 88 members of the IOC in a vote in Lausanne on October 17.

Mr Chirac plans to argue the case of his city before the Olympic panel the previous day to try to swing the vote in favour of the French capital for the summer games. France is also bidding to host the winter Olympics in 1992 at Albertville in Savoy. Its chances of clinching the winter games are extremely good and much stronger than those of Paris for the summer Olympics.

Lobbying by the leading candidates for the games has intensified as the Lausanne deadline gets closer. At the latest count, Barcelona is believed to be able to rely on about 42 of the 88 IOC votes bringing it within a hair's breadth of the required majority of 45 votes.

But France, which has mounted a campaign backed by both President Francois Mitterrand and Mr Chirac, has argued extremely vocally that the games should be held in France since 1921 will be the centenary of the appeal launched by Baron Pierre de Coubertin for the revival of the Olympic Games.

France has also suggested that it should host both the summer and winter Olympics to mark the centenary of the appeal of the modern games just as it did in 1924 when the summer games were held in Paris and the winter Olympics at Chamonix. However, since the last war no country has hosted both the summer and winter games.

For its part, Barcelona has the advantage that it would be the first time Spain hosts the games, while they have been held in France in 1900 as well as 1924. Moreover, Barcelona announced it was a candidate for the games in 1981 well before Paris three years later, prompted in large part by the success of the 1984 Los Angeles Olympics.

The financial success of the Los Angeles games radically changed the attitude of countries and cities towards the Olympics whose attraction for promoters had slumped after the terrorism in Munich and the financial fiasco of Montreal. While Los Angeles had been the only candidate for the 1984 games, there are this time six candidates for the 1992 summer games and seven for the winter Olympics.

Apart from the two front runners Barcelona and Paris, Brisbane is regarded as a possible outsider for the summer 1992 games. The other three candidates given little if any chance at all are Amsterdam, Belgrade and Birmingham. The candidates for the winter games apart from Albertville are Falun in Sweden, Berchtesgaden in West Germany, Anchorage, Cortina d'Ampezzo, Lillehammer in Norway and Sofia.

The fact that the president of the Olympic committee is a Catalan is also viewed in Paris as an additional advantage for Barcelona. However, Mr Juan Antonio Samaranch, the president of the committee and a former Spanish sports minister under General Franco, has gone to great lengths to stress his impartiality and has indicated that he will not take part in the crucial vote in Lausanne at the end of next week.

But French lobbyists have also been going round suggesting that Mr Samaranch has been promised a title by King Juan Carlos of Spain if Barcelona is selected.

Mr Chirac also claimed yesterday that the recent wave of terrorist bombings in Paris had not reduced the French capital's chances to host the games. The French Prime Minister said on radio that members of the Olympic Committee had indeed felt that not to support France would be playing into the hands of the terrorists.

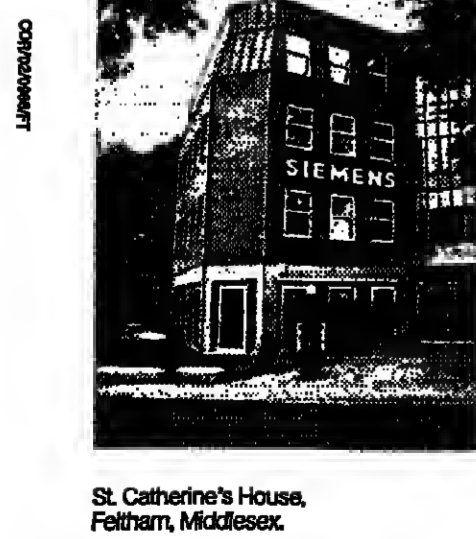
He added that they expressed confidence in France's ability to come successfully to grips with terrorism. He also said that they had been impressed by the way the world volleyball championships which have just ended in Paris were organised.



Mr Chirac

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Polish bishop tells of danger to ecology

By Christopher Bobbitt in Warsaw

THE Roman Catholic Bishop of Katowice in Poland's industrial heartland of Silesia has warned the area faces an ecological disaster if industrial development is unchecked.

Bishop Damian Zimon said in a pastoral letter that "further development of industry in Silesia is suicide talk." He urged that coal output in the area, which provides 88 per cent of the country's output be cut.

The Bishop urges the local population to show greater awareness of the problem. Since the early 1980s local officials have tried to resist the heavy industry lobbies which are demanding to be allowed to continue to invest in the area.

The Bishop quotes official figures and warns that infant mortality is 15 per cent higher than elsewhere. The incidence of cancer is 30 per cent higher and respiratory diseases 50 per cent higher.

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EUROPEAN NEWS

Opec scope to increase oil output is 'limited'

By Richard Johns in Geneva

THE International Energy Agency's (IEA) latest projections for oil demand suggest that the Organisation of Petroleum Exporting Countries (Opec) has only limited scope for raising its current 16.8m barrels a day ceiling on output in the immediate future.

The maximum requirement for members' crude in the fourth quarter is put at 17.5m b/d after taking into account other supplies.

Real demand, however, is likely to be much lower because of the big build-up of stocks in the third quarter as a result of a high level of Opec production in July and August, when it averaged over 20m b/d.

Preliminary data available to the Paris-based agency indicates that stocks rose at a rate of 1.6m b/d during the third quarter in the 22 industrialised states making up the Organisation for Economic Co-operation and Development which is responsible for about three-quarters of oil consumption outside the communist world.

Build up

The revised data for the second quarter of 1986 show an increase in OECD stocks of 1.2m b/d.

The IEA's latest monthly oil market report says that the third quarter build-up is likely to be larger than 1.6m b/d when the volume of long haul oil lifted in late August is known.

"The rate of stock drawdown in the fourth quarter of 1986 will of course affect the need for Opec output during the period," it says. Inventories in OECD member countries are estimated to have totalled 440m tonnes on October 1 compared with 410m tonnes a year earlier. They amounted to 96 days of forward consumption.

The IEA reckons that Opec crude output was about 16.8m b/d last month in line with the interim agreement reached here in early August. Then 12 of the 13 members undertook to observe quotas restricting their collective production to 14.8m b/d in September and October.

Norwegian krone comes under renewed pressure

BY FAY GJETER IN OSLO

PRESSURE on the Norwegian krone continued yesterday despite last week's relatively stringent budget plans for 1987 tabled by the minority Labour Government.

Market sources said that selling pressure came mainly from Norwegian companies and individuals, and was not as strong as last week, when the Bank of Norway spent an estimated Nkr 8bn to Nkr 9bn (\$752m to \$816m) in support buying.

The krone's rate against other currencies was maintained during yesterday morning, but only because the central bank again intervened heavily, spending more than Nkr 1bn before midday.

Mr Hakon Kristoffersen, head of the foreign currency section of Christiania Bank, said he was surprised to see the trend continuing. He added, however, that there appeared to be no sign of a let-up.

The Oslo stock exchange reacted negatively to the

budget, with industrial and bank shares losing most ground. In his budget speech to the Storting (parliament), Mr Gunnar Berge, the Finance Minister, warned that Norway faced a long period of austerity. There was a "basic imbalance" in the country's economy which would take many years to correct, and which would still have to be dealt with, even if oil prices should recover. Everyone would have to make some sacrifice in order to safeguard full employment and secure economic freedom of action in the short and long term.

Mr Berge said the fall in oil prices was not the sole cause of present difficulties. Norway was now receiving the bill for two years of record growth in private consumption—much of it financed by borrowing—which had not been matched by any significant increase in Norwegian production, and which the previous, non-Socialist Government had "not had the will" to curb when it began running out of control.

Interpol to seek role in fighting terrorism

INTERPOL, the international police organisation, has served notice that it will seek a bigger role in the battle against rising international terrorism. Renter reports from Belgrade.

The world's top policemen gathered in Belgrade yesterday for Interpol's 55th annual assembly, a week-long event normally aimed at coordinating police efforts in fighting international crime. But Mr Raymond Kendall, the organisation's secretary-general, said last night the meeting would also consider changes to Interpol's statute to give it greater power to combat urban guerrilla groups.

Interpol was limited by restrictions in its statute that excluded it from intervening in terrorist cases of a political nature, Mr Kendall said.

Swiss interest rates

Switzerland's big banks have announced a further cut of 0.25 per cent in their time-deposit rates, John Wick writes from Zurich. With immediate effect, all maturities from three to 12 months will bear an interest rate of 3.5 per cent. This is the fourth reduction in time-deposit rates since as recently as early July and means a full 1 per cent drop in three months.

West German growth

The IFO economic research institute forecast that industrial investment in West Germany would continue to expand in 1987, but at a slower rate than in the previous two years. Renter writes from Bonn. It said in a report that investment in manufacturing industry would rise by 5 per cent next year, after increasing by 10 per cent this year and by an unusually strong 16 per cent in 1985.

Gibraltar air request

The Gibraltar Airline GB Airways has applied to the Civil Aviation Authority in London for the right to fly to European routes, a major departure from its present profile. Joe Garcia writes from Gibraltar. GB Airways shares the London-Gibraltar route with British Airways and Air Europe. It also flies to nearby Tangier in Morocco.

Unions, employers step up action in Swedish strike

BY SARA WEBB IN STOCKHOLM

SWEDISH UNIONS and employers have decided to step up action as the public sector strike enters its second week. For the moment, neither side shows signs of getting back to the negotiating table.

More workers are due to come out on strike this week. The employers have come up with their traditional retaliatory step, threatening to lock out over 2,000 bus drivers and local transport office workers from next Monday.

Already, more than 10,000 public sector workers have come out on strike, including nurses, child care workers, and administrative staff in the local authority and government offices. Another 600,000 blue-collar workers are currently refusing to work overtime, which would have threatened to work to rule from Thursday.

Yesterday, the professional workers' union, Saco/SR-S, joined the dispute and threatened to bring more than 3,000 members out on strike, as well as issuing an overtime ban for another 50,000 white-collar workers from midnight next Tuesday.

Those called out on strike mostly include administration workers in the meteorological offices, telecommunications field, and state power company, as well as some prosecutors and ship pilots (whose strike action is meant to cause delays in the delivery of imports and exports).

However, Saco's action adds confusion to the unions' stance. It had been the only co-ordination which agreed to the state-appointed mediating commission's final offer tabled in the middle of September.

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Congress seeks compromise on defence spending

BY LIONEL BARBER

REPRESENTATIVES of the House and the Senate were locked in talks yesterday aimed at resolving an impasse over defence spending and proposals which would curb President Ronald Reagan's flexibility at the Iceland talks.

A \$562m spending bill, already passed in the Democratic-controlled House, would reduce spending on the so-called "Star Wars" Strategic Defence Initiative, impose moratoriums on testing anti-satellite and nuclear weapons, and require a halt to the production of chemical weapons.

The bill would also force the Administration to comply with the limits on the unsigned Salt II strategic arms limitation agreement.

The Senate has also approved legislation covering similar issues, but in much milder form. The Senate bill would cut the fiscal 1987 SDI budget by \$100m less than the House to \$3.9m. The Senate also approved a non-binding resolution calling for negotiation of a comprehensive test ban treaty and ratification of pending treaties restricting underground tests.

The White House has been fighting Congressional efforts to reduce defence spending and limit the freedom for manoeuvre which President Reagan has in negotiations with Moscow.

President Reagan appealed to Congress over the weekend to drop those proposals which would take his hands. He has threatened to veto the spending bill unless Congress meets his demand.

A conference committee of the House and the Senate was meeting yesterday to try to fashion a compromise. One Congressional official said that the most likely outcome was to postpone a decision on the proposals in the arms spending package until after the summit. "We cannot go ahead with all this in the current summit atmosphere," he said.

President Reagan is particularly sensitive to Congressional pressure for a nuclear test ban. In recent statements, the Soviet Union has made a moratorium on nuclear testing a centrepiece of its summit propaganda.

De Lorean fraud trial opens

THE TRIAL opened yesterday of former car maker Mr John De Lorean, who is accused of defrauding investors in his defunct Belfast sports-car company of \$8.9m. AP reports from Detroit.

The first two weeks is expected to be taken up with jury selection. The trial at the Detroit district court has been delayed 11 months.

A grand jury indictment last year accused De Lorean, 61, of siphoning money from De Lorean Research Ltd, a company created to pay for technological development of the advanced sports car, into various European banks and then into his own accounts.

The indictment alleges that De Lorean spent more than \$8m of the money to repay loans and \$28,000 to buy a gold ring and gold bracelet.

He is also accused of racketeering, a catch-all term in US law covering various criminal activities, usually involving monetary fraud. The maximum penalty is 20 years in prison.

De Lorean founded De Lorean Motor Co. in 1975 to build stainless steel sports cars with gull-winged doors at a plant in Northern Ireland. The company filed for bankruptcy in 1982.

In 1984 he was acquitted of handling \$24m worth of cocaine.

Peter Montagnon on a change in attitude by Latin American debtors and creditors Mexican package signals new approach



Mr Langoni . . . panic plea

"PLEASE BANKERS, do not panic," urged Dr Carlos Langoni, a former Brazilian central bank president, as he spelled out the bad news to a conference in Miami last weekend.

From now on, he said, there would be an increasing tendency on the part of Latin American countries to take unilateral action to reduce their debt service burden and this action would involve setting new interest charges below normal market levels.

Most of the bankers present at the two-day conference organised by the International Finance Corporation and the banking magazine *Euromoney*, took him at his word. They neither panicked nor disagreed.

For the latest rescue package negotiated for Mexico by its major commercial bank creditors last week proved so difficult to agree that once-tobacco subjects like interest rate relief are now part of the legitimate agenda for debtors and creditors alike.

Far from being the first of a new type of rescue package, many bankers regard Mexico's latest deal as the last of the old-style operations in which creditors put up large amounts of new money just so that interest payments can be maintained.

It is easy to see why these loans should have lost their appeal for debtors, despairing of the prospect that they will be able to resume normal market borrowing in the foreseeable future. It is less easy to see why the loans are suddenly also less attractive for many lending banks, who have used them to keep their exposure to Latin America current during four years of crisis.

One senior Latin American official, who followed the Mexican talks closely to see what application they might have for his own country, explained at the International Monetary Fund annual meeting last week that the key to the region's current thinking is its urgent need for a resumption of economic growth.

Political pressure for growth is building up inexorably in Latin America after four years of economic stagnation and decline. At the end of last month Mr Alberto Dahik, Finance Minister of Ecuador, resigned after being impeached by his country's congress for introducing measures to liberalise local foreign exchange and money market trading.

This shows how unremitting political pressures have become, even in countries normally regarded as model debtors for their pursuit of economic adjustment.

Latin American officials say that growth cannot resume while all available resources are being transferred abroad in

Latin America to revive their economies, that some officials are again talking privately of the possibility of a viable debtors' cartel. There is no sign of this in practice, but it has not escaped the attention of creditor banks that the latest Mexican negotiations have been marked by an unusually intense level of consultation between the region's various debtors.

As a result, lenders too have begun openly to question the wisdom of putting up fresh money for the debtors. The latest deal for Mexico, which involves \$6m in fresh money from the banks plus a commitment to put up a further \$1.7bn, depending on oil price and other economic developments, was struck in principle only after brutal pressure from Mr Paul Volcker, chairman of the US Federal Reserve Board.

It was an open secret at the Washington IMF meeting that many banks on the Citibank-led advisory committee of leading creditors were unhappy with the latest package. They felt that they were steam-rollered by politicians into a deal that was unsound from a commercial banking point of view because it basically involved throwing good money after bad.

In itself, that is likely to make the Mexican package particularly difficult to sell, particularly to smaller creditor banks in the US who are already in rebellious mood.

Mr Louis Schirano, senior vice president of First Interstate Bank, spoke for many such banks over the weekend when he said in Miami that US regional banks simply no longer regard Latin American debt as their problem.

It was, he said, the problem of a dwindling number of big US money centre banks with large loan exposures and inadequate loss provisions. There was no reason why regional banks should be compelled to put up fresh money simply to bail these banks out.

If that is true, the latest Mexican deal represents a hollow victory for Mr James Baker, US Treasury Secretary, who hoped it would be a model for his one-year-old plan for easing the debt problem. Mr Schirano believes the debt problem is no longer essentially a banking one. Instead, it is the largest single political issue between the US and Latin America, against which "Nicaragua pales by comparison."

Significantly the Central Intelligence Agency sent a delegate to the Miami banking conference. The US Department of the Army sent two and the State Department four. Mr Baker's Treasury officials were conspicuous by their absence—but bankers believe that in its turn his department will soon come under pressure to pick up a larger share of the debtors' tab.

Mrs Gorbachev catches White House on the hop

BY STEWART FLEMING, US EDITOR, IN WASHINGTON

THE WHITE HOUSE was wrestling yesterday with the question of how to respond to a summit surprise by Mr Mikhail Gorbachev, the Soviet leader—his decision to bring with him his wife Raisa, his telegraphic wife Raisa, his Mr Larry Speakes, the White House spokesman, conceded that Washington only learnt about the Soviet move from a report on Icelandic television on Saturday. "We were surprised to learn that Mrs Gorbachev is coming," he said.

Mr Speakes said Washington saw the meeting in Iceland as a "straightforward business meeting" and had only planned on taking a limited number of public officials. Mrs Reagan not being one of them.

He declined, however, to draw the conclusion suggested by reporters that the Soviet decision suggested that they were approaching the meeting in a less business-like mood.

At the last full summit in Geneva in November last year both leaders were accompanied by their husbands. Mrs Gorbachev, who shares Mrs Reagan's taste for elegant clothes, has made a striking impression in such bastions of haute couture as Paris and London.

Mrs Gorbachev's appearance in Reykjavik is bound to attract the attention of the dozens of underemployed western cameramen if, as the White House wants, a news blackout prevails.

This could only work to Mr Reagan's disadvantage and give the Soviet a better chance of stealing the limelight. But to throw Mrs Reagan into the fray as an apparent afterthought at this late stage casts President Reagan in a defensive and reactive mode.

Supreme Court upholds Polaroid's patent claim

BY NANCY DUNNE IN WASHINGTON

THE US Supreme Court, with a new chief justice and a new member, yesterday opened its 1986-87 term by upholding a lower court ruling that Kodak infringed patents held by Polaroid in a case which forced Kodak out of the instant photography business.

The ruling by the US court of Appeals in April forced Kodak to stop producing instant film and cameras, a loss to the company of about \$100m a year. The decision also left 16.5m owners of Kodak instant cameras unable to get film.

The decision may be one of the least contentious this year. The ideologically-divided court, led by one of the most controversial chief justices in its history, must rule on a wide range of difficult questions.

Mr William Rehnquist took the bench as chief justice for the first time after a bruising Senate battle, which ended with a third of the senators voting against him.

Mr Antonin Scalia, the new Justice who has taken Mr Rehnquist's former seat, is also a conservative, but is thought to be highly intellectual and not an ideologue.

A favourite issue of American conservatives to be heard this year, but Mr Rehnquist will state to require public schools to teach "creationism" if they teach the theory of evolution. Creationism attempts to establish a scientific basis for biblical teachings about beginnings of man and the world.

The court has also agreed to decide whether the law, which bars discrimination against the handicapped, applies as well to people with contagious diseases, like AIDS.

Another case challenges the Georgia death penalty law on the grounds that killers of whites are more likely to receive death sentences than killers of blacks.

On Wednesday the court will hear a challenge to a California law which requires businesses to give women four months' unpaid maternity leave.

Poll reveals opposition to Chile's state of siege

BY MARY HELEN SPOONER IN SANTIAGO

TWO OUT OF THREE Chileans oppose the state of siege, according to a poll by the liberal Centre for Contemporary Studies taken during relative political calm in the summer.

A state of siege was imposed after the attempted assassination of Gen Augusto Pinochet on September 7.

The measure gives the government extraordinary powers to deal with internal security threats, such as arresting people for up to 30 days without formal charges.

The poll showed 64.4 per cent opposed the state of siege, while 29.2 per cent approved. There was also widespread opposition to other restrictive measures: 81.5 per cent opposed press censorship; 75.8 per cent opposed exiles; 82.5 per cent opposed police actions to break up demonstrations, such as the use of tear gas and sticks against protesters.

Marcos in \$10m Philippines suit

FORMER Philippines president Mr Ferdinand Marcos has asked a federal judge for permission to sue the Philippine Government for at least \$10m. AP reports from Honolulu.

His claim follows a move by the Philippine Government of Mr Corason Aquino to recover \$1m in Philippine pesos taken from Marcos by US customs officials when he arrived in Hawaii last February.

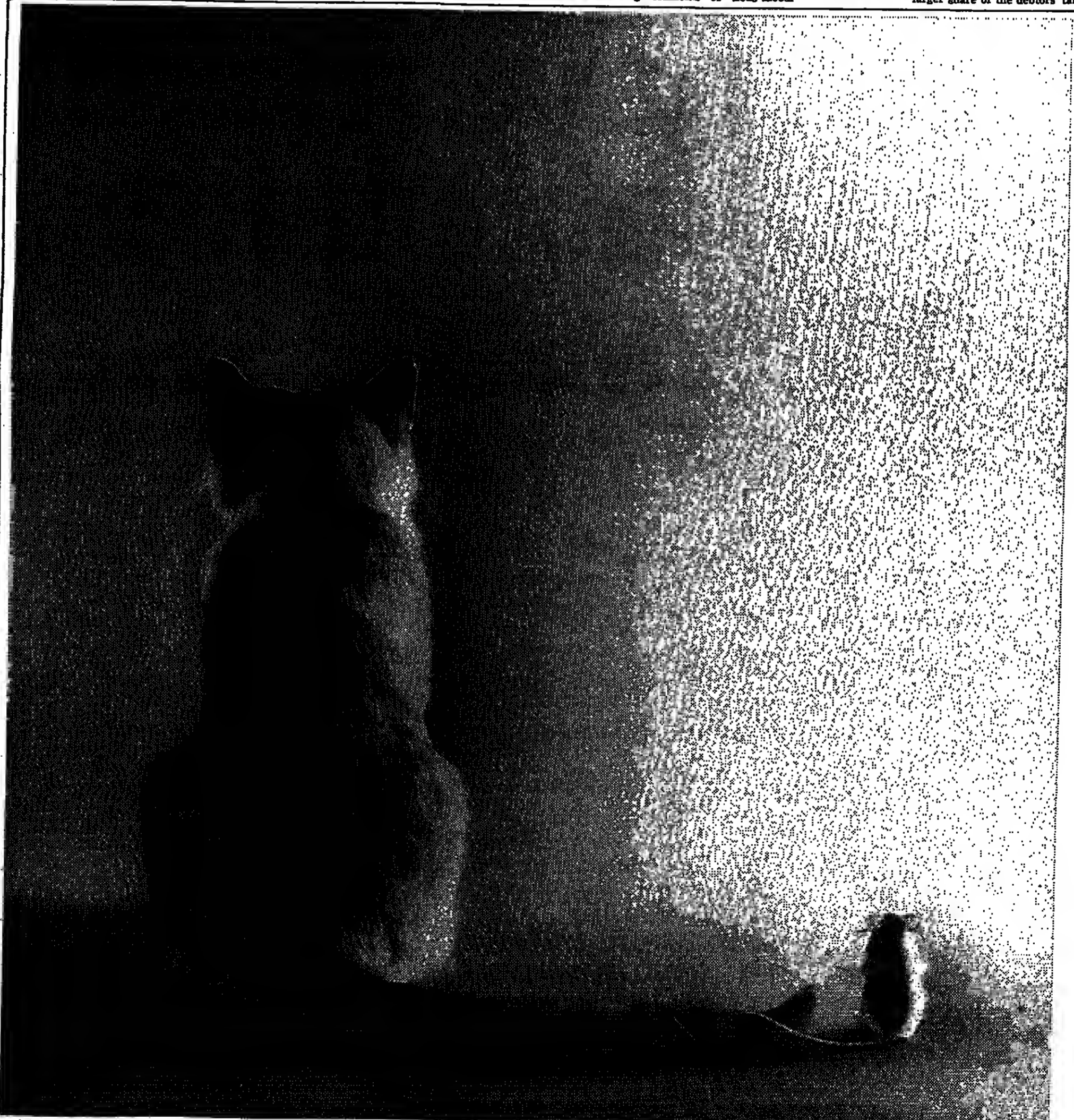
Marcos said the Philippine Government was keeping him in the US against his will, seizing his property, defaming his reputation and violating his rights and his privacy.

US dock strike postponed

US EAST coast ports were back to normal yesterday after 30,000 dockworkers returned to work. William Hall reports from New York.

The three day strike ended after employers and dockers agreed to extend the current labour contract for another 45 days.

Port officials said the dockers were working normally pending further negotiations between the International Longshoremen's Association (ILA), the New York Shipping Association and the Council of North Atlantic Shipping Associations.



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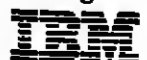
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WORLD TRADE NEWS

Moscow and Helsinki in new deal on trade

By Olli Virtanen in Helsinki

FINLAND'S costly trade surplus with the Soviet Union will be partly alleviated by setting up a new interest-bearing account for about \$350m (£245m).

Finland's total surplus for 1986 is expected to reach \$800m. The move is a major concession by Moscow which until now has regarded the imbalance as only temporary which did not require special arrangements.

The terms of the special account have not yet been agreed although, according to Finland's Foreign Trade Minister, Mr Jeremi Laine, they would include a "world market interest" and guarantees on the exchange rate of the rouble.

Finland officials worry that Moscow will devalue the rouble in the face of its declining export earnings.

The surplus in Finland's favour accrues from low oil prices which reduces the value of imports from the Soviet Union. The maximum surplus either way agreed in the bilateral trade protocol is set at \$400m.

The present bilateral trade agreement between the two countries stipulates that export and imports should balance each other in the long run.

The Bank of Finland has established a clearing account for the payments.

David Dodwell on the development of a neglected Chinese island Hainan turns key on gas-based future

For those who remain optimistic that oil will eventually be found, Mr Lin's ambitious plans provide a vivid illustration of how powerfully oil discoveries could boost the economy of southern China as governments at local, provincial and national levels come to grips with the gigantic task of modernisation.

Initial appraisals of the Yinggehai gas field 100 km south-west of Hainan, suggest total reserves of 90bn cubic metres, which would make Yinggehai the largest gas field in China. Area recently committed itself to piping onshore 3.25bn cubic metres a year, starting in 1989.

From the landfill at Melahan, the Hainan authorities intend to tap almost one third of the gas coming onshore. CNOOC plans to channel the rest onto the mainland, where it would be piped into Chinese homes along the length of the south China coast, and could be used for power generation and numerous other heavy industrial projects.

Whether these latter ideas materialise depends partly on whether finance can be obtained for the \$400m pipeline, and whether utilities in Hong Kong can be persuaded to buy gas for hard currency.

Proposals for the \$200m plant are under way with a prospective Kuwaiti partner.

An application has been made to Peking for construction of a 300,000 tonne a year cement plant, likely to cost RMB 140m, and a feasibility study is now in progress.

The remaining three projects are intended to exploit Hainan's



own natural resources: a sponge iron plant using ore from the massive Silin iron mine in the west of the island, a glass plant making almost 3m cases for plate glass a year and using the island's fine sands and a plant making titanium white, a chemical in short supply both in China and worldwide.

Mr Lin insists that concern on the part of officials in Peking over the availability of sufficient electricity for the planned steel plant has been overcome, and that the RMB 700m plant should ready early in the 1990s. Both the glass and the titanium white factories will need foreign partners, and will be relying on the export of at least part of the planned output to meet foreign exchange costs.

Further fuelling optimism on the island is the resumption of onshore exploration for oil in the Foshan depression in the north.

Thanks to the discovery of gas, Hainan is already the envy of the rest of southern China. If a search by CSR proves successful, then oil majors elsewhere will be greener than green—but will have to comfort themselves with the fact that further discoveries will benefit not Hainan alone, but Guangdong and a number of provinces beyond. After the disappointments of the past three years, no one is likely to get too excited too soon.

Eximbank to help finance Turkish motorway

By David Berchard in Ankara

EXIMBANK of the US is to make \$200m (£138m) available for the financing of a 380-km motorway between Ankara and Gerede, to be built by a consortium of Bechtel of the US and Enka Insaat of Istanbul.

The consortium, which is one of a number bidding for major trunk roads contracts in Turkey, was awarded a letter of intent by the Government in July.

The government of Mr Turgut Ozal is planning to build major motorways linking Istanbul with Ankara and also with Izmir and ultimately Adana at the far end of the country's Mediterranean coastline.

The total cost of the Ankara-Gerede motorway is expected to be around \$400m and it is assumed that the remaining portion will be financed by a loan from the international commercial banks, of which Enka is thought to have already secured \$90m.

Eximbank is already supporting Bechtel with a \$400m credit for a 2 x 430 Mw coal-fueled power plant planned for Tskirdag on the coast of the sea of Marmara near Istanbul, where Bechtel is leading a consortium negotiating on the "build-own-operate" basis favoured by the Ozal government.

Egyptian military city order goes to British company

By TONY WALKER IN CAIRO

A BRITISH company has won a contract from Egypt for construction work at a new military city west of Alexandria under a British Government backed \$140m line of credit. The contract went to Cementation International of the UK.

British companies have also been successful in securing contracts for a new tank factory being built near Cairo, utilising the same credit facility.

Agreement on the UK credit, backed by the Export Credits Guarantee Department (ECGD) was signed in June.

Lloyds Merchant Bank is lead manager of the credit line which has been made available exclusively to Egypt's Ministries of Defence and Military Production.

Derman Long Overseas will supply structural steel components for the tank factory at which Egypt plans eventually to assemble its own battle tank.

Factory 200 will also be used to service Egypt's US-supplied M-60 tanks which are the backbone of its armoured regiments.

Alex Machine Tool Company of the UK has been awarded a \$250,000 contract to provide equipment for the factory's main production line.

United Builders Merchants of the UK is expected to procure construction materials for the new military city at Hamam.

Meanwhile, Field-Marshal Abdel Halim Abu Ghassala, the Egyptian Defence Minister, was quoted by the local press as saying that the American M-1 battle tank would be manufactured at the new tank factory.

However, the M-1 is believed to be just one of several contenders, including the Vickers Mark-7 which underwent trials in the Egyptian desert last year. It is expected to re-trial in the new year.

Other contenders include the Italian Oto Melara OT-40 and the Brazilian Onorico. Field-Marshal Ghassala is also reported to have announced that Egypt would phase out its ageing Soviet-supplied tanks, including the T-54.

In an address to newspaper editors on Sunday, Egypt's President Hosni Mubarak defended military expenditure against opposition criticism, saying: "With a strong army capable of defending the country, all other parties, be they regional or non-regional powers, will not take us lightly."

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Chile copper group fixes credit line with UK bank

By CHRISTIAN TYLER, TRADE EDITOR

CHILE'S state-owned copper company, Codelco, has arranged a line of credit with a UK bank, reinforcing a move away from US sources of supply for its \$2.6bn (£1.6bn) investment and purchasing programme over the next five years.

The sterling credit, for contracts won by UK companies in the next 12 months, was arranged with the export finance arm of Midland Bank and is backed by the British government's Export Credit Guarantee Department.

Details of the agreement emerged in London yesterday as a delegation from Codelco was briefing about 150 British companies on the mining company's requirements.

Mr Holger Bannach, Codelco's executive manager for procurement, said encouragement of new US suppliers had been a aim to the relative strength of the dollar against European currencies.

But the move may also be seen as a precaution against deterioration in Chile's relationship with the US following the recent internal crackdown in the wake of last month's assassination attempt on Gen Augusto Pinochet.

The US Administration warned this summer that it may veto a forthcoming World Bank loan of \$250m to show its disapproval of the military régime's abuse of human rights.

The World Bank is acting as guarantor of the new commercial bank lending of \$250m-\$300m that Chile may be seeking next year.

Commenting on that prospect yesterday, Mr Bannach said: "It might happen. We have other possibilities for getting credit. That is something we shall overcome."

"If we don't get credit and don't get supplies, we may just have to pay half a per cent more interest."

Codelco plans to invest over \$600m in the copper mines over the next five years to maintain production in the face of falling ore grades and a price slump in the last two years. Copper accounts for nearly half Chile's export earnings.

The plan also calls for around \$250m a year of spending on operational supplies of all kinds.

Dependence on the US has already been reduced, with the Japanese increasing their share of project work and equipment supplies. Mr Bannach said some Japanese trading houses had provided 100 per cent finance.

Codelco is also buying more from Western Europe including Sweden, Finland and West Germany, according to the British embassy in Santiago.

Yesterday's briefing at the London Chamber of Commerce was lobbied by demonstrators from the Chile Solidarity Campaign.

EEC set to retaliate over US defence bill

THE EUROPEAN Commission has told the US that its access to EEC government contracts may be severely curtailed if Congress includes new "buy American" clauses in a defence bill, Reuters reports.

Commission officials yesterday released the text of a letter sent last week to the US State Department expressing alarm at the clauses contained in a House of Representatives bill.

The measure would require the US Defence Department to give priority for contracts to US companies if the gap between their bids and those submitted by foreign companies did not exceed 5 per cent. This would apply provided the US companies' products had at least 50 per cent US content.

"These moves to increase protection for US firms would... violate the Gatt (General Agreement on Tariffs and Trade) agreement on government procurement and will be counter-productive in any future review or renegotiation," the letter said.

The EEC believed that the adoption of the House bill would "seriously impair" the benefits the Community obtains from a code designed to open competition for government contracts to all Gatt contracting parties," the letter added.

If this proved the case, the EEC "would be obliged to consider the suspension in whole or in part" of its application of the code to the US, the letter went on.

A commission spokesman said that in 1984, the code applied to \$20bn (£13.5bn)-worth of US Government purchases, at least 50 per cent of which went to the EEC.

Of these contracts, mainly for clothing, food and electronic products, \$17.5bn-worth were awarded to US companies and \$2.5bn to companies in the EEC.

Commission officials were unable to give figures about recent EEC purchases of US goods under the same code.

Congressional aides said last week that the "buy American" provisions were part of Congress's continuing effort to curb imports. But Reagan Administration officials warned that if the clauses became law, they would inevitably trigger retaliation.

"The US may raise protectionist barriers against Japanese construction companies if US Congress are not given fair access to Japan's market," said F. Goldfield US Assistant Secretary of Commerce, said.

"The US has demanded that the bidding system for major construction projects in Japan be made 'open, transparent and non-discriminatory,'" he added.

"US (design, engineering and construction) companies are... extremely competitive throughout the rest of the world but are not even allowed to compete in Japan, and that just is not fair," he said. "US firms are running out of patience."

Mr Goldfield is leading a commission of US government and business representatives to urge Japan to give foreign companies a fair chance to bid for contracts on new large building projects.

Jakarta surplus falls

Indonesia's trade surplus fell to \$275.9m (£191m) in July, compared with \$784.9m in June and \$1.01bn in July 1985, mainly because of a sharp fall in exports. Information Minister Harsono said yesterday, Reuters reports.

Provisional figures showed Indonesia exported goods in July worth \$1.20bn compared with imports of \$924.9m.

June exports were \$1.67bn and imports \$889.9m against exports of \$1.79bn and \$747.2m imports in July 1985, according to the Central Bureau of Statistics.

OVERSEAS NEWS

Israeli bombers hit eight villages in N Lebanon

BY NORA BOUSTANY IN BEIRUT

ISRAELI warplanes bombed eight villages in the north Lebanese province of Akkar yesterday directly hitting a base, training fields and an ammunition dump used by the Marxist Popular Front for the Liberation of Palestine.

Complaints on Chinese price rises

By Robert Thomson in Beijing

THE Chinese Government admitted for the first time yesterday that rising prices had caused widespread complaints from consumers and hindered the introduction of its politically-sensitive and ambitious price reform policy.

A Government circular released last night said more than 146,000 cases of price control violations had been discovered in the first half of the year.

The State Administration of Commodity Prices said the violations "have directly harmed the interests of consumers whose complaints have been increasing."

The administration is to introduce a stringent inspection programme designed to uncover price rises, 70 per cent of which are blamed on retail outlets and private businessmen.

China's inflation rate is officially put at about 7 per cent though diplomats suggest the rate could be almost double that.

Syria accused of involvement in plot to bomb El Al airliner

By Robert Thomson in Beirut

SYRIA was involved in a plot to bomb an Israel jumbo jet out of the sky and the man accused of the attempt told police he met the head of Syrian military intelligence and agreed to carry out attacks on Israeli targets, Reuter reports from London.

Presenting opening arguments at the trial of Nizar Hindawi, 32, the Crown prosecutor said Hindawi told investigators he met the intelligence chief in Damascus and was given \$12,000 to destroy the El Al Boeing 747 carrying 375 people as it flew over Austria in April.

Hindawi, a Jordanian, is accused of attempting to have his pregnant Irish girlfriend carry a bomb hidden in her luggage aboard the plane. He has denied the charge and two counts of illegal possession of a handgun and ammunition.

The girlfriend, Miss Anne-Marie Murphy, 32, was the first witness called by the prosecution. She told the court she went to London's Heathrow airport believing Hindawi would join her on a later flight to Israel where they would marry.

It is one of the most callous acts of all time.

Miss Murphy told the court she had had a close relationship with Hindawi. Ten days before the attempted bombing he appeared at her London flat and told her he wanted to marry her in the Holy Land.

They made travel arrangements and as they drove to Heathrow in a taxi on April 17, Hindawi connected the timer for the bomb which contained more than 1.3 kg of plastic explosives.

The prosecutor said: "She believed he was going to another terminal to catch another flight and he kissed her goodbye."

Hindawi told police that he then returned to his hotel. When he learned the plot had been uncovered he went to the Syrian embassy to present the ambassador with a letter and was greeted warmly.

After the envoy telephoned Damascus, Hindawi was taken to a house in West London where his hair was cut and dyed.

Hindawi checked into another London hotel but was arrested the next day when a receptionist reported his presence to police, recognising him from newspaper photographs.

Paris asks for help to curb bombs

By Anthony Robinson in Johannesburg

MR JACQUES CHIRAC, France's Prime Minister, confirmed yesterday that France had asked Syria for help in curbing Middle Eastern groups believed responsible for a wave of bombings in Paris last month, Reuter reports from Paris.

Interviewed on French radio, Mr Chirac said Paris had asked for "support in controlling terrorist factions in Lebanon and the Middle East which the Syrians must be aware of and on which they have better information than we do."

Ten people died and more than 180 were injured in last month's bombing campaign, which was aimed at securing the release of three prisoners jailed in France for crimes of Middle East political violence.

Meanwhile, the Chirac Government came under renewed pressure yesterday to negotiate with the shadowy Islamic Jihad (Holy War) group which is holding three Frenchmen hostage.

In a statement delivered in Beirut, the group said it would release the three in exchange for 17 Shia Muslim militants jailed in Kuwait for the 1983 bombing of the US and French embassies.

French officials said the group had from the start linked the hostages' fate to the release of the prisoners in Kuwait, but yesterday's statement was the clearest sign that it was ready for a straight swap.

Black trade union groups unite

By Anthony Robinson in Johannesburg

THE two major black South African trade union federations which decided to remain outside the Cosatu "super-federation" on its formation last December have united to create a new federation of their own.

For want of a better name the new federation will be known temporarily as the Coss/Asactu federation joining together unions affiliated to the Council of Unions of South Africa (Cusa) and the Azanian Confederation of Trade Unions (Asactu).

According to the new federation's president, Mr James Mkhawane, the new grouping has 248,000 paid-up and 620,000 sign-up members; roughly half the size of the Congress of South African Trade Unions (Cosatu) to which the powerful National Union of Mineworkers (NUM) and unions in other strategic industries are affiliated.

The two federations now merged are both associated with the black consciousness philosophy which insists that blacks alone should form their own institutions.

While trade unions and white lawyers helped to build up the black trade union movement in its formative years following the legalisation of black trade unions

Hawke prepares to change wage system

By Chris Sherwell in Sydney

AUSTRALIA will soon see a big change in the operation of its centralised wage-fixing system, to judge by a series of statements from senior Labor Government ministers and leading trade union officials.

The change is likely to be enshrined in a fresh agreement between Government and unions which, Labor hopes, will boost its re-election hopes. While it will introduce greater wage flexibility, the aim of the change is to preserve restraint.

The shift coincides with a drop in the Government's popularity and gains by the opposition coalition of the Liberal and National parties. The next election is not due until 1988.

Officials from the Australian Confederation of Trade Unions have made clear workers cannot be expected to tolerate a further "partial indexation" in which wage increases have fallen short of price increases.

Such discounting has operated since Labor and the unions reached a second price and incomes agreement in September last year. The agreement replaced an accord struck in 1983 shortly before Labor won power.

Mr Bob Hawke, the Prime Minister, last week acknowledged that the indexation, which has been a feature of the agreement, is dead. Interest therefore focuses on what is its replacement.

The most widely publicised formula is a two-tier system in which low wage earners receive percentage increases linked to price rises. The inflation rate is now 8 per cent but increases are likely to be less than this.

Higher wage earners could expect still smaller increases. At the heart of the proposed formula is a powerful Government desire to prevent wage increases undermining improvements in Australia's competitiveness brought about by the depreciation of its currency since early 1985.

Hopes rise for mines settlement

By Jim Jones in Johannesburg

SETTLEMENT of a wage dispute between South Africa's National Union of Mineworkers and Ergo, the gold and uranium producer, has raised hopes of an early settlement of the dispute between the union and the Chamber of Mines. Ergo is not a member of the chamber.

Ergo, managed by Anglo American and which recovers gold and uranium from old mine dumps on the East Rand, has agreed with the all-black NUM on wage increases ranging from 16.5 per cent to 19.5 per cent for union members.

The agreement has averted a legal strike threatened after a ballot held by the union last month. The chamber and unions are deadlocked in a wage dispute, which the chamber hopes can be settled by mediation. But, although the union is considering the chamber's mediation proposal, it is reluctant to accept increases which differ between mining houses.

Six S. African soldiers injured by landmine

By Anthony Robinson in Johannesburg

SIX South African soldiers were injured yesterday when their military vehicle detonated a landmine near the Mozambique border.

The Bureau of Information said the mine had probably been planted by African National Congress guerrillas.

Under the Nkomati accord in March 1984 between South Africa and Mozambique, the Mozambican Government undertook to expel ANC units from their former bases in Mozambique and not let the country be used as a channel for ANC incursions.

In return the South Africans undertook to end support for Mozambican National Resistance rebels.

In recent months, however, Maputo has accused Pretoria of continuing its aid and support for MNR forces, especially in the Beira corridor, which links Zimbabwe to the port of Beira. The South Africans believe ANC forces have returned to Mozambique.

Zambia and Zaire agree to oil pipeline extension

By Victor Mallet in Lusaka

ZAMBIA and Zaire have agreed in principle to extend the oil pipeline running from Tanzania to Zambia as far as Lubumbashi in southern Zaire after a meeting at the weekend between President Kenneth Kaunda of Zambia and President Mobutu Sese Seko of Zaire aimed at easing strained diplomatic relations.

The 1,060-mile pipeline, which has been plagued by leaks and is due for rehabilitation, carries crude oil from Dar-es-Salaam to a refinery at Ndola in Zambia's copperbelt. Lubumbashi would add about 150 miles to its length.

A communique released after the meeting in northern Zaire also called for more co-operation in the copper mining industry which straddles the Zambia-Zaire border and condemned South Africa for its repeated raids into neighbouring countries.

Led by Dr Kaunda, the frontline states actively opposing South Africa are bringing increased pressure on the conservative Governments of Malawi and Zaire in an effort to make them join a united front against Pretoria.

The South African Government has threatened to retaliate against international economic sanctions by trying to throttle black states dependent on its ports and railways.

In turn the frontline group—Zambia, Zimbabwe, Tanzania, Mozambique, Angola and Botswana—has warned Zaire and Malawi that cutting the southern trade routes would make them dependent on frontline states for their exports and imports at a time when roads, railways and ports in Mozambique and Tanzania would be clogged with goods unable to move through South Africa.

Frontline leaders are angry with Zaire and Malawi because they believe the two are supporting South African-backed rebels in Zaire, Angola, Malawi and Mozambique.

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AMERICAN NEWS

FT writers report on the sinking of a Soviet nuclear submarine in the Atlantic Chapter of Radioactivity level unlikely to rise

BY DAVID FISHLICK, SCIENCE EDITOR

Chapter of submarine accidents

PREVIOUS incidents involving nuclear-powered submarines include:

March 21, 1984: A Soviet submarine collided with the US aircraft carrier Kitty Hawk off Japan. No injuries.

September 28, 1984: A Soviet Golf II class ballistic missile submarine was spotted drifting in the Sea of Japan, with white smoke pouring from its stern. The submarine was reported later to have returned to its base in Vladivostok under its own steam.

Summer, 1983: A Soviet submarine sank in the northern Pacific, and 90 crew members died according to US intelligence officials.

April 8, 1981: The USS George Washington, a missile submarine, ran into the Japanese freighter Nisse Maru, sinking the smallest vessel off the southern tip of Japan, and killing two crewmen from the Japanese ship.

October 27, 1981: A Soviet Whiskey-class diesel-powered submarine ran aground in a restricted military zone in Sweden.

August 22, 1980: A Soviet Echo-class nuclear submarine caught fire and rammed for help off Japan.

Japanese officials later reported that nine crewmen died and three were injured.

February 5, 1977: The USS Snook collided with a sonar device being towed by a navy marine's periscope and superstructure.

May 21, 1968: The USS Scorpion, an attack submarine, was lost with 99 men aboard off the Azores in the Atlantic.

1968: A Soviet submarine sank off the Kola peninsula in the Arctic Sea, according to recently declassified CIA documents.

1968: A Soviet submarine sank in the Pacific, and subsequent US attempts to recover the wreck were partially successful.

April 10, 1968: The USS Thresher was lost 228 miles off the New England coast with all 129 men aboard.

1961: Members of a Soviet submarine crew died of radiation poisoning after an accident in the Baltic, according to recently declassified CIA documents.

THE NUCLEAR technology aboard the Soviet submarine which capsized in mid-Atlantic yesterday is unlikely to add any detectable amount of radioactivity to the oceans, despite the presence of highly radioactive fission products.

Neither the nuclear propulsion system nor the warheads of the 16 SS-N6 ballistic missiles in this Yankee-class submarine are expected to leak their radioactivity into the sea for many decades.

Even then, any leakage will be so slow as to be undetectable against the background of natural radiation from dissolved uranium, polonium and radium in the sea.

There is experimental evidence for this assertion in that at least 100 US and three Soviet—already lie on the ocean bed, but no one has reported increased levels of radioactivity.

The Yankee-class submarine is an elderly design, dating from the 1960s, and comparable with Britain's Polaris strategic nuclear deterrent.

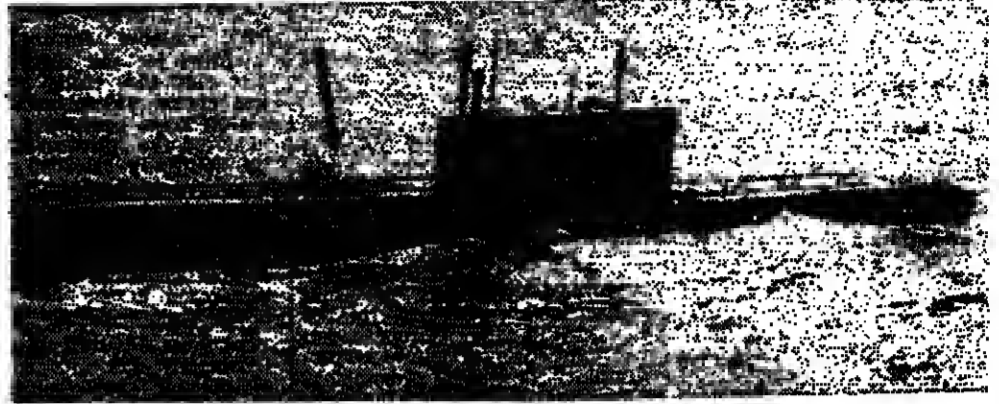
Like the Polaris vessels, it is powered by a pressurized water reactor—in this case, of Soviet design—capable of allowing the boat to cruise submerged at high speeds for many weeks so as to avoid patrolling US, British and French hunter-killer submarines.

Photographic evidence over the weekend suggested that the explosion and fire on Friday occurred in the missile compartment, and not in the self-contained and specially reinforced reactor compartment.

If this compartment has retained its integrity, the highly radioactive part of the boat's nuclear inventory is wrapped in three layers of protection.

These are the submarine hull itself, designed as a pressure vessel to resist the water pressure at great depth, the pressure vessel around the reactor itself, and the smaller pressure vessels surrounding the nuclear fuel.

The fuel core, about the size of a dustbin, contains about



Damaged Soviet submarine under tow at the weekend

100 kilos of uranium fuel contaminated with radioactive fission products and small amounts of plutonium.

Three layers of protection separating this fuel from the ocean were breached in the descent to the ocean bed—a most unlikely occurrence—the radioactive leak would be extremely slow.

The warheads of the 16 missiles probably contain about 100 kilos of pure plutonium metal, uncontaminated with fission products, as lumps of precision-machined metal. The metal dissolves very slowly in sea water.

Nuclear warheads are designed to resist accidental

explosion, for example under the shock of a torpedo or depth charge attack, or if a missile is fired accidentally. They are designed to explode only when deliberately armed, a procedure which involves several separate actions in the case of western nuclear weapons.

The worst kind of accident which could have befallen the warheads is the explosion of the high explosive used to drive the plutonium components together quickly, which could have distributed fragments of plutonium over the ocean bed. Even so, it is unlikely that it will prove possible to detect alpha-radiation from the scattered plutonium.

Local fears about the effects of radiation on people, livestock and farmland have, however, never been entirely eliminated. Stories of mysterious deaths have become part of the folklore.

Radiation levels are said to be similar to those affecting employees of nuclear power plants and no health anomalies have been officially registered, but some experts say it is still too early to rule out long-term effects.

Confidence and concern in a remote village

BY DAVID WHITE IN MADRID

A MEMORABLE photograph commemorates the efforts made 20 years ago in Spain to demonstrate that nuclear weapons can safely sink to the bottom of the sea.

It shows Mr Manuel Fraga, then General Franco's Minister of Information and Tourism, the man who brought the holiday masses to Spain's coasts, taking a brisk springtime dip with the then US ambassador at a remote spot in the south-eastern province of Almería.

Both men are waving cheerily. For them, the gesture was meant to mark the end of the Palomares incident and Operation Broken Arrow.

In the morning of January 17 1966, a B-52 bomber of the US Strategic Air Command collided during an in-flight refuelling manoeuvre with a KC-135 tanker aircraft from the

US naval base at Rota in southern Spain, killing seven of the 28 crew. After the impact, four 25-megaton hydrogen bombs equipped with parachutes floated slowly down to earth near the tiny fishing

village of Palomares. Three of the bombs landed on dry land — one of them cracked — and were immediately picked up. The other two were taken over by US forces,

classroom, carry missiles of much greater range (about 3,000 km).

It would be normal for at least one Yankee to be on patrol in the vicinity of Bermuda at any one time. Because of their relative age and noiseless, Yankee submarines are comparatively easy for the US to track, using the Sposon sonar detection system on the sea-bed, anti-submarine aircraft, or American (or British) hunter-killer submarines.

By contrast, the newer Soviet strategic submarines such as the Delta or Typhoon

the inhabitants evacuated, fishing stopped, crops burnt, and 1,000 tonnes of contaminated topsoil carted off to the US.

The fourth bomb was recovered from the seabed after an 81-day search. Fishing was allowed to re-start and Palomares returned to its habitual obscurity. These days the area produces hothouse tomatoes.

Local fears about the effects of radiation on people, livestock and farmland have, however, never been entirely eliminated. Stories of mysterious deaths have become part of the folklore.

Radiation levels are said to be similar to those affecting employees of nuclear power plants and no health anomalies have been officially registered, but some experts say it is still too early to rule out long-term effects.

IRAN AIR advertisement with logo and text: 'the shortest, most specialized and most convenient route for visiting the Middle East'. Includes a flight schedule table.

FT-CITY COURSE advertisement: 'The FT-City Course, arranged jointly by the Financial Times and the City University Business School...'. Includes contact information.

Large advertisement for GPA Limited featuring a large image of a GPA aircraft engine and the text: 'THANK YOU, GPA. GPA Limited, you've made us proud! Everyone at CFM International is delighted you've chosen CFM56 engines to power your new B737-300 and B737-400 twinjet aircraft in your recent fleet expansion.'

Partial advertisement on the right edge of the page, including the text 'How tall can lift' and 'A steps'.

TECHNOLOGY

DOES YOUR TRADING SYSTEM STOP IF YOUR COMPUTER FAILS?

Stratus FAULT TOLERANT COMPUTERS 01-248 8383

How talking to machines can lift quality control

BY PETER MARSH

PEOPLE employed in a range of industries are starting to chat to computers as part of the effort to increase the quality of manufactured goods.

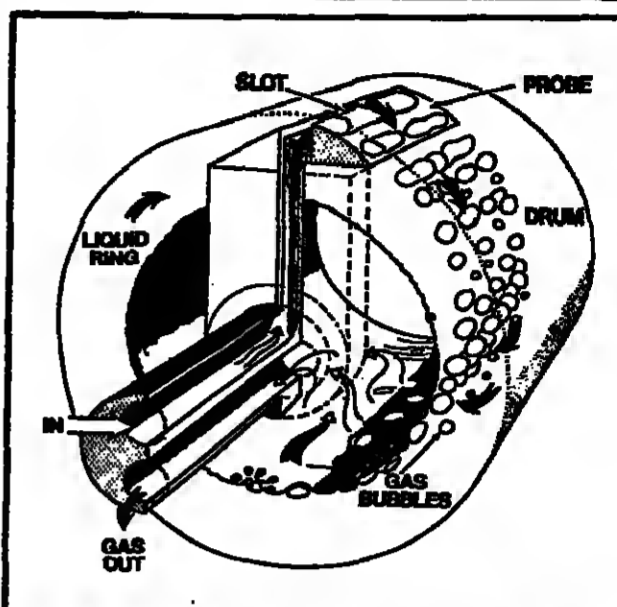
The quality-control method relies on workers speaking into microphones linked by radio to a computer which sits by the side of the production line.

Votan, formed in 1979 and with annual sales of \$12m, says manufacturing concerns are turning increasingly to this type of hardware to speed up quality checks and reduce errors.



Greater tolerance to damage in a simpler form of vacuum pump

VACUUM PUMPS with only one moving part and no rubbing surfaces are to be introduced by GeneVac of Ipswich UK (4478 1122).



Only one moving part in GeneVac's vacuum pump: The absence of tight machining clearances means the impact of corrosive vapours is inconsequential.

and the residue is then either dried to be used as fuel (to drive the machine) or turned into compost in a process which takes seven months.

WORTH WATCHING Edited by Geoff Cherrish

FORESTRY WASTE can be turned into pine oils and essences for use in soaps, medicines, cosmetics and cleaning products by a machine from French company Biolandes of Le Sen (485 1424).

UK steps up research into 'Star War thunderbolts'

BY DAVID FISHLOCK, SCIENCE EDITOR

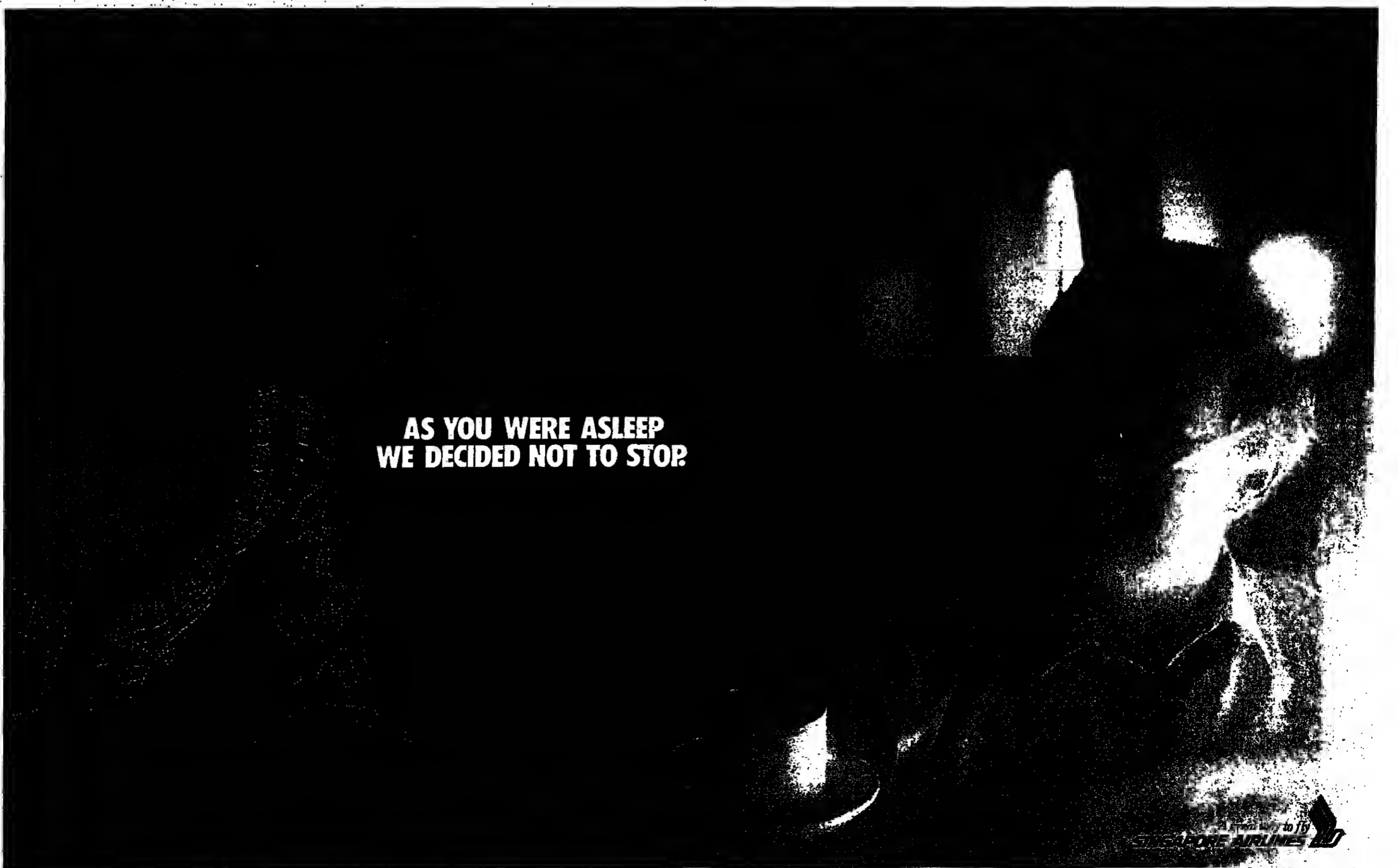
THE WORLD'S biggest pulse power machine, felt the effects of this new electro-technology this summer when a wayward bolt of energy bored a hole in JET (Joint European Torus), a \$550m nuclear fusion device at Culham, near Oxford.

most open invitations Aldermaston has ever extended to US experts: "Please come and talk to us."

specialising in this electro-technology. His own pulsed power laboratory, specialising in switching, has joined three other US universities in a new research club focusing on the (unclassified) requirements of the "Star Wars" programme.

it has successfully delivered peak pulses of 370,000 amps. At full power it is expected to propel a 200-gram projectile at over 2,000 metres a second.

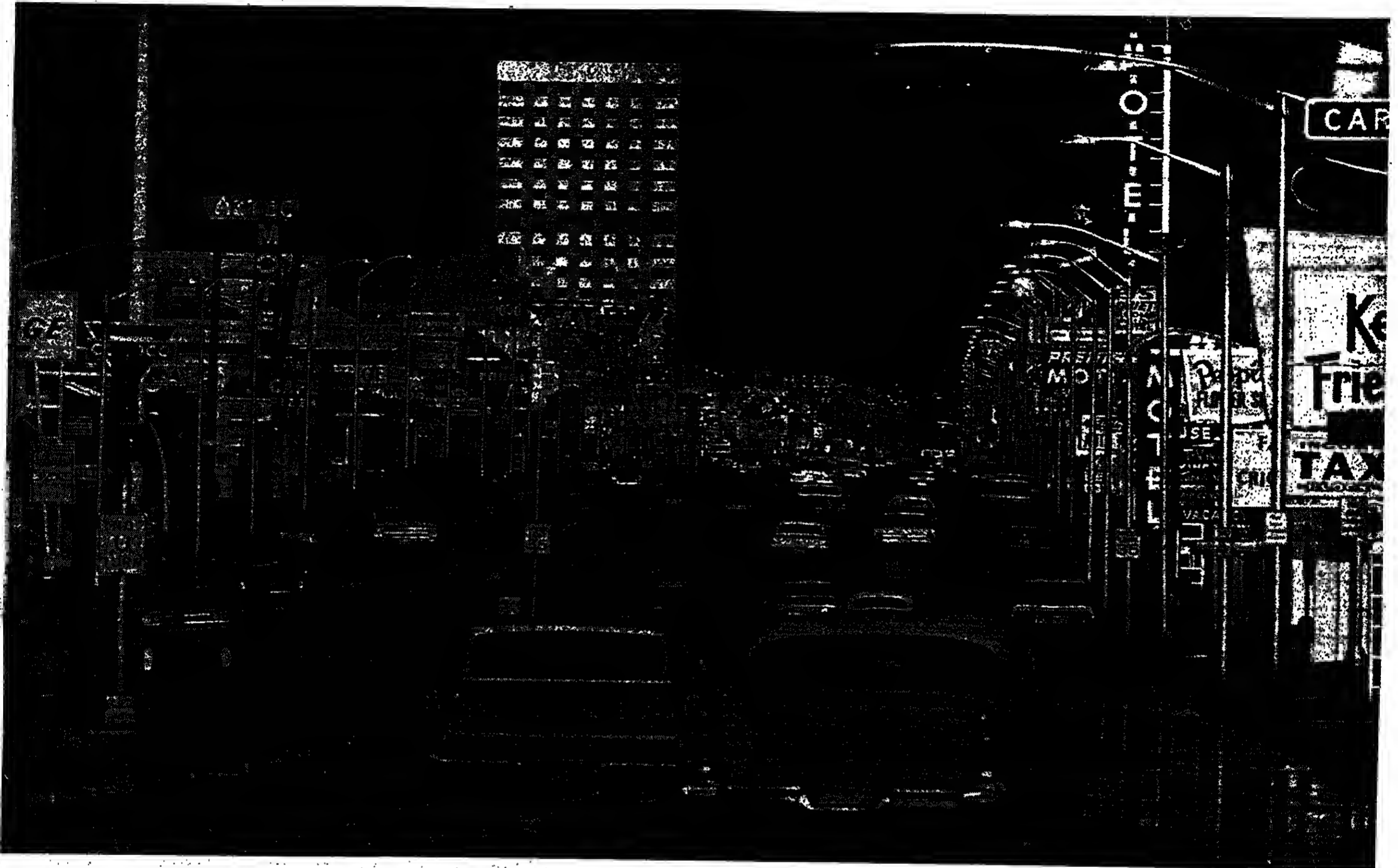
On the civil side, the Culham Laboratory of the UK Atomic Energy Authority has equipped itself with a powerful array of facilities for testing components for its nuclear fusion experiments and for exploring the vulnerability of aircraft to lightning.



AS YOU WERE ASLEEP WE DECIDED NOT TO STOP

Every evening, we head for home in an exclusive BIG TOP 747, the biggest, most advanced 747 in the world. A good meal, the service even other airlines talk about, and then you can fall asleep. We fly non-stop from Heathrow five times a week. Because when you're going to Singapore, you don't want to wake up in the Middle East.

How fast can
you grow and still like it
when you get there?



It may be heresy to say it, but thoughtful bankers have grown disenchanted with pure growth. Coming from an institution that ranks number six among 14,000 U.S. banks—a bank whose assets grew by over 9% last year—that may sound like a contradiction. But the fact is, assets just aren't what they used to be.

When banks made money mainly by borrowing at regulated rates and lending for a little more—the bigger you were the more you earned. But changing regulations, new competitors for funds and clients who now have more direct access to the capital markets have changed all that.

Now banks that grow too fast don't always like what they grow into. In fact, too hasty growth can lead to even more sudden shrinkage.

Hence the emphasis on problem solving, financial acumen, the *flow* of capital instead of simply holding loans as assets—and the reason banks like Chemical are no longer banking as usual.

These days loan distributions, swaps, new strategies in foreign exchange and many other innovative ways of handling capital are growing strengths at Chemical. In 1985 we *doubled* our investment banking business. That's the kind of growth we approve of.

At Chemical, we think a bank that *manages* its growth will like what it grows into.

CHEMICAL BANK
The bottom line is excellence.

NOTICE OF REDEMPTION

To the Holders of
HILTON INTERNATIONAL CO.
7% Debentures Due 1987

NOTICE IS HEREBY GIVEN that, pursuant to the provisions of the Indenture dated as of November 1, 1972 providing for the above Debentures, \$1,700,000 principal amount of said Debentures have been selected for redemption on November 1, 1986, through operation of the mandatory Sinking Fund at the redemption price of 100% of the principal amount thereof, together with accrued interest thereon to said date, each in the denomination of \$1,000 bearing serial numbers with the prefix letter "M" as follows:

DEBENTURES BEARING THE DISTINCTIVE NUMBERS ENDING IN ANY OF THE FOLLOWING TWO DIGITS:

Table with 2 columns: Distinctive Number, Frequency. Includes numbers like 00, 01, 02, 03, 04, 05, 06, 07, 08, 09, 10, 11, 12, 13, 14, 15, 16, 17, 18, 19, 20, 21, 22, 23, 24, 25, 26, 27, 28, 29, 30, 31, 32, 33, 34, 35, 36, 37, 38, 39, 40, 41, 42, 43, 44, 45, 46, 47, 48, 49, 50, 51, 52, 53, 54, 55, 56, 57, 58, 59, 60, 61, 62, 63, 64, 65, 66, 67, 68, 69, 70, 71, 72, 73, 74, 75, 76, 77, 78, 79, 80, 81, 82, 83, 84, 85, 86, 87, 88, 89, 90, 91, 92, 93, 94, 95, 96, 97, 98, 99.

ALSO OUTSTANDING DEBENTURES OF PREFIX "M" BEARING THE FOLLOWING NUMBERS:

Table with 2 columns: Distinctive Number, Frequency. Includes numbers like 6, 7, 8, 9, 10, 11, 12, 13, 14, 15, 16, 17, 18, 19, 20, 21, 22, 23, 24, 25, 26, 27, 28, 29, 30, 31, 32, 33, 34, 35, 36, 37, 38, 39, 40, 41, 42, 43, 44, 45, 46, 47, 48, 49, 50, 51, 52, 53, 54, 55, 56, 57, 58, 59, 60, 61, 62, 63, 64, 65, 66, 67, 68, 69, 70, 71, 72, 73, 74, 75, 76, 77, 78, 79, 80, 81, 82, 83, 84, 85, 86, 87, 88, 89, 90, 91, 92, 93, 94, 95, 96, 97, 98, 99.

On November 1, 1986, the Debentures designated above will become due and payable in such coin or currency of the United States of America as at the time of payment shall be legal tender for the payment of public and private debts. Said Debentures will be paid, upon presentation and surrender thereof with all coupons appertaining thereto maturing after the redemption date, at the option of the holder either (a) at the corporate trust office of Morgan Guaranty Trust Company of New York, 13th Floor, 30 West Broadway, New York, N.Y. 10015, or (b) at the main offices of any of the following: Morgan Guaranty Trust Company of New York in Brussels, Frankfurt/Main, London and Paris and Banque Generale du Luxembourg in Luxembourg. Payments at the offices referred to in (b) above will be made by check drawn on a bank in New York City or by transfer to a dollar account maintained by the payee with a bank in New York City. Such payment made by transfer to an account maintained with a bank in the United States by the payee may be subject to reporting to the United States Internal Revenue Service (IRS) and to backup withholding of 20% of the gross proceeds if payee is not recognized as exempt recipient. If payee is not a United States person or an executed IRS Form W-9 certifying under penalties of perjury that the payee is not a United States person or an executed IRS Form W-9 certifying under penalties of perjury that the payee's taxpayer identification number (employer identification number or social security number, as appropriate). Those holders who are required to provide their correct taxpayer identification number on IRS Form W-9 and who fail to do so may also be subject to a penalty of \$50. Please therefore provide the appropriate certification when presenting your securities for payment.

Coupons due November 1, 1986 should be detached and collected in the usual manner. On and after November 1, 1986 interest shall cease to accrue on the Debentures herein designated for redemption.

HILTON INTERNATIONAL CO.

Dated: September 29, 1986

UK NEWS

Vickers to buy state's battle tank factory

BY LYNTON McLAIN

VICKERS has completed its negotiations for the purchase of the state-owned Royal Ordnance main battle tank factory at Leeds, making it the sole manufacturer of tanks in the UK. Vickers paid an initial £11.2m to Royal Ordnance for the factory. The total sum to be paid by Vickers is based on a confidential formula involving an assessment of the net assets at the Leeds site. Vickers said yesterday that the final price would depend on a final auditing of the assets. The Vickers bid to buy the Leeds factory came in the wake of the failure of the Government this summer to proceed with its planned stock exchange flotation for Royal Ordnance as a whole. The Ministry of Defence has abandoned all plans for a flotation of the company and is currently seeking a single purchaser. The buyer has to be based and controlled in the UK.

The British Army has ordered the latest British main battle tank, the Challenger, for a seventh regiment. This order for 76 tanks worth about £100m was announced by Mr Younger when he gave the go-ahead for Vickers to buy Leeds. Vickers already has a factory capable of producing more than 100 main battle tanks and other armoured vehicles a year at Elswick, Newcastle upon Tyne. The Newcastle tank factory is able to make a profit when operating at a third of capacity. The company told Mr George Younger, the Defence Secretary in July - before he announced the plan to sell the Royal Ordnance factory at Leeds - that Vickers would replace the existing factory at Leeds with a new tank factory, to be built at a cost of about £10m. Vickers is to build the new factory to the same size, break-even level, design and capacity as the Vickers factory at Newcastle, the company said yesterday. This would give Vickers enough capacity to make more than 200 main battle tanks a year.

Coal chief embarks on a healing mission

BY CHARLES LEADBEATER, LABOUR STAFF

SIR ROBERT HASLAM, chairman of British Coal, believes the prospects for the industry would improve considerably if there were a single union for production workers, or a mechanism for the National Union of Mineworkers (NUM) and the Union of Democratic Mineworkers (UDM) to draw up joint claims. Sir Robert's views on the attraction of the single union stand in sharp contrast to the approach of his predecessor, Sir Ian MacGregor, who emphasised the importance of the UDM, which was formed as a breakaway union during the year-long coal strike which ended in March last year. Whereas Sir Ian actively encouraged the split in the NUM ranks during the strike, Sir Robert hopes there might be greater understanding between the two unions in the future. However, Sir Robert believes greater co-ordination between the unions will be out of the question under their current leadership. Although British Coal is determined to treat the two unions even-handedly, Sir Robert admits the emergence of the UDM has created "an industrial relations minefield."

On the industrial relations outlook at British Coal, in which he revealed that he was in favour of introducing new pay incentives, long-term pay deals and a more decisive approach to day-to-day management. On the complications caused by dealing with two production unions, Sir Robert said: "Clearly one would like to deal with one union. We had one union, now we have two: that creates a complication, particularly because there is no way we will be able to negotiate with them together as long as the personalities remain the same." British Coal had to accept that it would have to deal with the unions in parallel, he said. The UDM was more progressive, but it was not British Coal's intention to use the unions co-operative approach to put pressure on the NUM to become more conciliatory. "We have to be even handed in what we offer the two unions, but the rate at which that is taken up is demonstrably dependent on the union concerned. The UDM is ready to embrace new ideas and concepts, it moves more quickly to support our objectives and as a result it appears more progressive." In a clear warning to Mr Arthur Scargill, the NUM president, Sir Robert said the industry's future would be jeopardised if union leaders did not relinquish the broader political aims associated with the strike. He said he was keen for an open dialogue with the unions but "you have to be sure the people you are talking to have the success of the industry and the well-being of the people employed in it at heart. If they are motivated by entirely different things there is no way we will be able to get this thing together."

On the coming pay round, he was in favour of the kind of long-term pay deal proposed by the UDM. British Coal could not afford a pay award anywhere near the going rate without considerable improvements in productivity. It intended gradually to give local bargaining and flexible incentive systems a much larger role in. Sir Robert also praised developments in management style which emerged during the strike, particularly more direct communication with the workforce, and greater decisiveness on day-to-day issues. Where Sir Robert sensed an abundant willingness to get down to the job was on the coalface. "Miners are in their environment, they are very natural beings underground, they tell you the truth," he said with a touch of reverence.

IS THE CITY'S NEW SPECIES EQUIPPED TO SURVIVE IN A BIGGER POND?

On October 27th the level of competition within the City will explode. (Perhaps that's why its been called Big Bang.)

Membership of the stock exchange has been thrown open to massive and aggressive international financial conglomerates which, for the first time, will be able to compete freely in the City's traditional markets.

And with the abolition of fixed commissions, there is little doubt that the competition will indeed be fierce, if not bloody.

The arrival of so many experienced and financially powerful competitors has caused more than a little concern in the City.

In London major new alliances have been forged between brokers, jobbers, bankers and investment managers.

These new investment bank groups are now better financed, better structured and better equipped to compete in this bigger, more competitive market.

But some pundits still question the ability of many to survive.

One alliance, however, has unquestioned staying power.

Ours at Barclays de Zoete Wedd.

While some may find their resources strained, we have the vast financial, technical, physical and human resources of the Barclays Group to enable us

to compete against anyone.

We also have one of the most envied alliances. In de Zoete & Bevan, for example, we have one of London's most respected and successful brokers.

They were brokers to British Telecom's record-breaking flotation and, at the other end of the scale, have brought some 14 companies to the USM.

They also have offices in Tokyo, New York and Hong Kong.

And, together with Barclays Investment Management, have funds of over £9 billion under management.

Then there's Wedd Durlacher.

For many years, they've been one of London's largest market makers in both gilts and equities.

And in an increasingly technical market place we expect their experience and knowledge to prove invaluable to clients.

Our merchant bank has an equally enviable record when it comes to innovative banking.

Its development capital arm has, for example, played a key role in the increased use of the management buy out. It has arranged 45 over the last few years, including the employee buy out of the National Freight Corporation.

It is also the leading merchant bank in the new market for sterling commercial paper.

And has an increasing reputation in other areas of corporate finance.

Of course, these are only a few of the resources we'll have to make sure we're as attractive to clients as any investment banking group in the world.

One resource we haven't really explained in detail so far is our parent company.

Or its 4,000 offices in 70 countries.

Or its assets of £65 billion.

Or, indeed, the fact that it's been surviving rather well itself in a bigger pond for some years now.

To find out more about any of the services offered by BZW, please write to the Business Development Division, Barclays de Zoete Wedd, Ebbgate House, 2 Swan Lane, London EC4R 3TS. Tel: 01-623 2323. Telex: 8812124 BZW G.



BARCLAYS de ZOETE WEDD

THE INVESTMENT BANKING ARM OF THE BARCLAYS GROUP

Labour clarifies tax shake-up plans

BY PETER RIDDELL, POLITICAL EDITOR

SOME SINGLE people earning between £15,000 and £20,000 a year would start to pay slightly more in tax and National Insurance deductions under the Labour Party's new tax and social security plans.

This compares with previous public claims that it would be mainly the top 5 per cent of income earners over £27,000 a year who would pay more. However, Mr Roy Hattersley, the shadow Chancellor of the Exchequer has admitted that the £27,000 figure is "a jagged or broken line" in view of the complexity of the proposals.

Nevertheless, Labour leaders remain confident that only a few people below this figure should have to pay significantly more than now, and that most low and middle income households should be better off, particularly those with children. In a clear warning to Mr Arthur Scargill, the NUM president, Sir Robert said the industry's future would be jeopardised if union leaders did not relinquish the broader political aims associated with the strike.

There is no simple winner or loser since there are 18 different family and income categories. But Labour is confident that the net effect for families, particularly with several children, will be clearly beneficial up to at least £27,000.

Single people may pay slightly more up to £20,000 a year, and definitely more above that figure, depending on the level of the reduced rate band and on their tax allowances.

To deal with the possible losses for older childless couples with only one earner, Labour proposes a cash benefit equivalent to the married man's allowance to be paid to older married women.

The timing of the introduction of these changes will in part depend on how ready the Inland Revenue is to go ahead with independent taxation in view of its existing work on changing the personal tax system.

Advertisement for CORUM SUISSE watches. Features a large image of a watch and text: 'CORUM SUISSE The Coin Watch. An exclusive creation of watchmaking art. CORUM watches are on view at the finest jewellers. For a brochure, write to CORUM, rue du Petit-Chateau, 2300 La Chaux-de-Fonds, Switzerland.'

UK NEWS

Peugeot plans new Iranian kit car

BY KENNETH GOODING, MOTOR INDUSTRY CORRESPONDENT

PEUGEOT has proposed to Iran that a new model be introduced in three to five years to replace that country's best-selling Peykan car which is assembled from kits shipped from the French group's British subsidiary.

Peugeot might not have the field to itself in Iran, and several Japanese companies have been contesting for the cars contract, with Nissan as the front-runner.

The Peykan is based on the old Hillman Humber and at its height the Iran contract has been worth £130m (\$167m) a year to Peugeot UK and represented Britain's largest single motor industry export contract.

Recently business has been at a very low ebb because Peugeot refuses to ship any kits until Iran has

shown that it has the foreign currency to pay for them.

In the first half of this year only 7,800 kits were exported, and Mr Ballot says that, at the present rate of output in Iran, the country will not need any more until next June.

While this was enough to knock Peugeot UK's financial performance off course - the company's first-half loss of £8.3m was attributed mainly to the Iran problems - the impact is not as bad as it once might have been.

Whereas the Iran contract once accounted for 40 per cent of Peugeot UK's turnover, now it is down to 3 per cent. Only 100 people work on the Iran project, mostly turning out spare parts, where previously 1,450 were employed.

Many workers have been switched to another Peugeot plant where the company recently began assembling the 308 model and where it expects to build a new medium-sized car, code-named the D-60, which will be called the Peugeot 409.

Sealink management and unions talk as disruption continues

BY CHARLES LEADBEATER

SEALINK UK management and the maritime unions were talking for a third day yesterday in an effort to resolve the dispute which has severely disrupted the company's ferry services.

The National Union of Seamen and the Officers' Union, Numast, have for the first time co-ordinated their strategy, negotiating jointly, and implementing together a rolling programme of industrial action.

The unions were calling for the resumption of a full service to the Channel Islands, and the reinstatement of the 429 officers, ratings, and shore staff dismissed under a plan to rationalise the service.

The dispute started last week after Sealink UK announced it was setting up a new company with Channel Island Ferries to run a much reduced service to Jersey and Guernsey.

Sealink UK's services yesterday stopped to be disrupted by the unions' action. Of the company's 29 ferries, 19 were immobilised by

strikes, and four were being occupied in port by seamen and officers. Only the six Isle of Wight ferries were still running.

The National Union of Railwaymen and the Transport Salaried Staff Association yesterday pledged their support to the maritime unions. The NUR executive will on Thursday consider balloting its 2,000 members in Sealink on taking industrial action. NUR members operate the service to the Isle of Wight.

Lucas pay row leads to lay-offs

By Helen Hague

ABOUT 2,000 car workers at Austin Rover's Longbridge plant in Birmingham were laid off yesterday because of the pay dispute at Lucas Electrical.

Manual and white-collar unions at Lucas plants in the Birmingham area are staging an overtime ban and work-to-rule in pursuit of an enhanced pay offer from the company.

The dispute has caused Lucas Electrical's supplies of head lamps and rear lights to dry up - bringing production of three Austin Rover models to a standstill.

Last night, Lucas reiterated its tough stance on pay - and said negotiations with the unions would not resume until industrial action was lifted.

The 11,000 workers at Lucas Electrical received letters from the company over the weekend, warning them the company risked losing large amounts of work if the industrial action continued.

Yesterday, staff unions at Lucas urged the company to "cease threats of closure and dismissal and return to the negotiating table."

The meeting - held between Tass, the manufacturing union, and the white-collar union ASTMS - reaffirmed their commitment to achieve a negotiated settlement.

Ferries face sea of troubles

BY KEVIN BROWN, TRANSPORT CORRESPONDENT

SEALINK UK, the former ships and harbours division of the British Railways Board, has been an 'invasive disappointment' to Mr James Sherwood, the American entrepreneur who paid £80m for the company two years ago.

Mr Sherwood, founder and president of the Bermuda-based Sea Containers group, bought Sealink against opposition from trade unions and the Labour Party, confident that it could be piloted quickly to profitability and a stock market flotation.

Instead, the company faces industrial action over the rationalisation of Channel Island routes, and was in talks all day yesterday trying to avoid a total shut-down of both its European and Irish routes.

The stoppage declared by Sealink's crews is only the latest and most dramatic of a sea of troubles that have plagued the company since privatisation.

It follows a series of rationalisation measures, mostly forced on the management through adverse circumstances, and a string of poor results.

Sea Containers bought Sealink despite a high price tag because Mr Sherwood believed private sector management and proper investment would unlock huge profit potential.

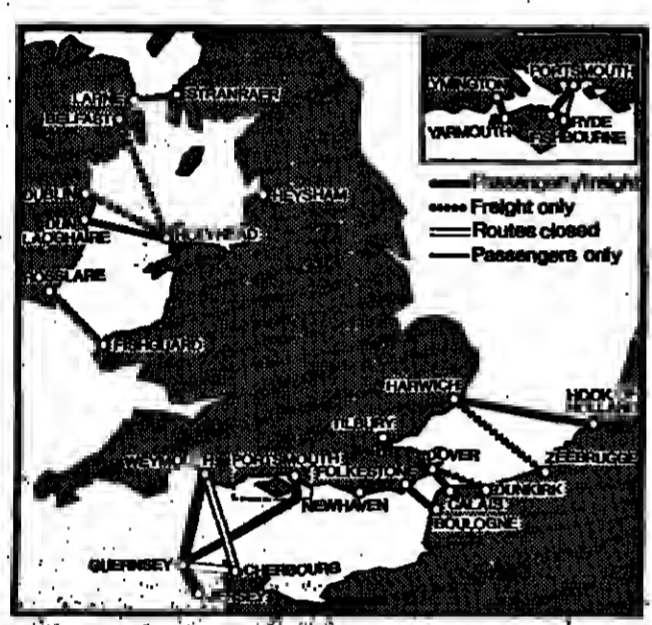
His strategy was to make the company competitive by improving services and reducing wage costs at the same time, hoping to attract more passengers who could be carried at less cost.

The expectation was that Sealink could make profits of up to £40m within three years, when it would be brought to the stock market for a flotation.

That target was given some credibility in the first six months of private ownership, when Sealink made profits of more than £12m. Profits fell to around £2m in 1985, but even that level of success could not be sustained, and the company was barely breaking even before the current industrial action began.

It is ironic that Sealink should be hit by industrial action over Weymouth now, since Mr Sherwood was widely expected to withdraw from the route when Sea Containers bought the company, and did not do so.

Instead, he opted to improve facilities on the two ships operating on the route to the standards of a five-star hotel, and to double prices, reasoning that Channel Islanders would be willing to pay for a luxury service.



Routes now operated by Sealink and ports owned by Sealink Harbours.

In fact, passengers chose either to pay a little more and travel much more quickly by air, or to travel much more cheaply on the no-frills service offered by Channel Island Ferries. This misjudgement was expected to cost Sealink £7m this year, a level of losses too high to be sustained against the background of continuing poor performance on other routes.

Unless the seafarers' unions are able to change Mr Sherwood's mind, 462 Sealink employees will lose their jobs, and the Channel Islands will be served by a joint service from Portsmouth run by a new company called British Channel Island Ferries. Sailings from Weymouth will continue during the summer season only.

The crux of the problem facing Mr Sherwood is that Sealink had been scheduled for privatisation almost since the election of the Conservative government in 1979, and little had been spent on new equipment in the next five years.

The result was that Sea Containers inherited an ageing fleet unsuited to the changing pattern of the market, and has been unable to compete profitably to finance the acquisition of the necessary new ships.

The increase in passenger traffic which benefited all the short sea ferry companies in the late 1970s and early 1980s has levelled off, and the major growth area has been in

freight, for which Sealink's older ships have only limited capacity.

Sealink's major competitor, the Townsend Thoresen arm of European Ferries, on the other hand, has invested nearly £170m over the last five years in "stretch" ferries, including an extra freight deck, and new "jumbo" ferries due to enter service next year.

These ships will give Townsend Thoresen savings of up to 40 per cent over existing costs, leaving the company plenty of room for tariff manipulation should it wish to increase Sealink's difficulties.

Sealink has also had to face the loss of British Rail's freight service through Harwich to Zeebrugge, and increasing competition from smaller operators such as Kent Line.

On the passenger side, there is also vigorous competition from the aggressive Selly Line operation from Ramsgate, and Brittany Ferries, the French-owned service from Plymouth to Cherbourg.

Apart from the rationalisation of Channel Islands services, Sealink has responded to the squeeze on its prospects by withdrawing from a number of routes, including the Isle of Man, and both Boulogne and Ostend, previously served from Dover.

Mr Sherwood admits that some of the early decision taken after privatisation have not worked out well, but claims Sea Containers now has the measure of the problems facing Sealink.

Mr Bill Matthews, Exco's chief executive, said he was not surprised by the ruling. He added: "It is not for me to speculate about what might happen."

The Beitzbergs, who have a reputation as corporate raiders, have shown an interest in Exco ever since it realised over £300m in cash from the sale of its interest in Telestar, the US market information company, last year.

Visa ruling to be speeded up

By Robin Pasley

THE GOVERNMENT is speeding up the introduction of visas for visitors to Britain from the Indian sub-continent because of a dramatic increase in the number of arrivals since the visa proposal was first floated.

Mr Douglas Hurd, Home Secretary, announced yesterday that visitors from Bangladesh, India and Pakistan will now need to obtain visas before they begin their journey if they wish to enter Britain after October 15. No date has yet been set for visas for visitors from the African states of Ghana and Nigeria which were included in Mr Hurd's announcement on September 1.

The rules are designed to ease the pressure on immigration officers at London's Heathrow Airport.

A Home Office spokesman said that since September there had been a four-fold rise in the number of visitors from the Indian sub-continent needing detailed investigation into their reasons for coming to Britain.

First City free to lift holding in Exco

BY DAVID LASCELLES, BANKING CORRESPONDENT

FIRST CITY Financial, the Canadian financial services group controlled by members of the Beitzberg family, will be free to increase its stake in Exco, the UK foreign exchange and money broking company under a ruling by the Bank of England.

The Bank has decided that First City should not be governed by provisions which direct that no bank engaged in foreign exchange trading may hold more than 10 per cent of a foreign exchange broker. First City has built up a 10 per cent stake in Exco.

The Bank's provision, known as the O'Brien letter after a former Bank governor, is supposed to prevent a conflict of interest.

First City does increase its stake it would call into question the standstill agreement by which Exco's largest shareholder, Tan Sri Khoo Teck Puan of Malaysia, has agreed to keep his interest at 29.9 per cent provided no other share-

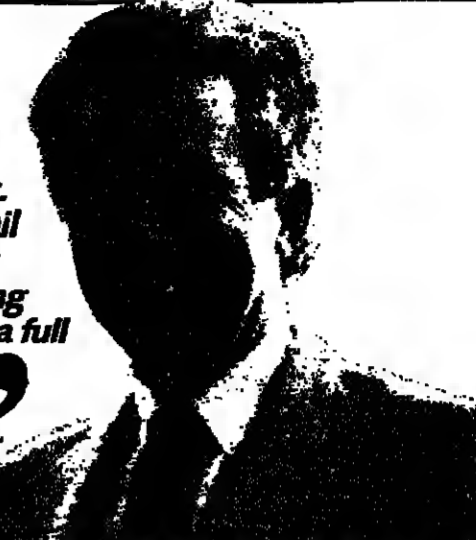
holder has more than 10 per cent.

A Bank spokesman said yesterday that it had established through discussions with First City that it was not engaged in foreign exchange activities that would conflict with its ownership of a broker. The Bank, therefore, had no objection to the group raising its stake beyond 10 per cent.

Mr Bill Matthews, Exco's chief executive, said he was not surprised by the ruling. He added: "It is not for me to speculate about what might happen."

The Beitzbergs, who have a reputation as corporate raiders, have shown an interest in Exco ever since it realised over £300m in cash from the sale of its interest in Telestar, the US market information company, last year.

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UK NEWS

Sales and credit demand point to retail buoyancy

BY PHILIP STEPHENS, ECONOMICS CORRESPONDENT
THE PACE of consumer credit demand edged slightly in August, but a strong underlying upward trend was reflected in official confirmation of a further rise in retail sales during the month.

VAUXHALL SALES FALL TO LOWEST IN FOUR YEARS
Ford wins over 30% of new car market

BY JOHN GRIFFITHS

FORD captured more than 30 per cent of the UK new car market in September for the first time this year. Its gains were made mainly at the expense of General Motors' Vauxhall/Opel subsidiary.

UK CAR REGISTRATIONS
September 1986 100.00 1985 100.00
Total market 147,203 13,015
UK produced 84,195 43,288

Statistics from the Society of Motor Manufacturers and Traders yesterday showed Rover Group (Austin Rover plus Range Rover) with a 14.8 per cent share, nearly six percentage points down from the same month last year.

A factor in Ford's good performance last month was that it was left short of stock towards the end of the annual August sales boom, resulting in a carry-over into September sales.

While the company has been offering low-finance terms on some models, it insists that the current performance is being achieved without excessive incentives, particularly to dealers.

partly on a new policy to place profitability ahead of volume and its consequent withdrawal from incentive schemes other than run-off bonuses on the old model Cavalier.

Government urged to spend extra £25bn on infrastructure

BY JOAN GRAY, CONSTRUCTION CORRESPONDENT

AN EXTRA £25bn needs to be spent over the next 10 years to get Britain's homes, cities, water and sewage systems into good repair, according to the construction industry body, the Group of Eight.

"We want to ensure that enough money is available to be spent on the country's building stock and keeping the infrastructure in repair."

The group - which represents construction industry employers, trade unions and professional associations - has prepared the estimate to be discussed with the Government in an attempt to arrive at an agreed figure for the amount of money which needs to be spent on the infrastructure, and for a budget to be allocated to meet it.

The £25bn splits into £2.5bn extra expenditure a year for 10 years, with £2bn extra being needed for repairing council houses, £600m a year extra for repairing sewers and water mains and £100m for urban renewal.

"We're not just lobbying for ourselves and for work to keep the construction industry fat and happy," said Group of Eight chairman Mr Larry Rolland of the Royal Institute of British Architects.

The extra £2bn a year needed for repairing council houses comes from the Government's own figures, said Mr Rolland. The Department of the Environment has recently estimated that £19bn needed to be spent on local authority housing in England and Wales alone.

TENNECO INTERNATIONAL N.V.

7 3/4% Guaranteed Debentures Due November 1, 1987

NOTICE IS HEREBY GIVEN that, pursuant to the provisions of the Indenture dated as of November 1, 1972, providing for the above Debentures, there will be redeemed for account of the Sinking Fund on November 1, 1986 (the "Redemption Date") \$2,990,000 principal amount of the 7 3/4% Guaranteed Debentures Due November 1, 1987 (the "Debentures"), at the redemption price of 100% of the principal amount thereof plus accrued interest to the Redemption Date.

The serial numbers of the Debentures which have been selected for redemption (each bearing the prefix letter "M") are:

Table listing serial numbers of debentures for redemption, including columns for serial number, amount, and other details.

On and after the Redemption Date the Debentures designated above will become due and payable upon presentation and surrender thereof, with all coupons maturing subsequent to November 1, 1985, attached, either at the option of the holder, at the office of Chemical Bank, by mail; P.O. Box 25996 Church Street Station, New York, New York 10008 or Chemical Bank, by hand, at the Corporate Trust Department, 55 Water Street, Room 234, 2nd Floor North Building, New York, New York 10041 or at the main office of Chemical Bank in London, or the main office of Hollandsche Bank-Lloyds N.V. in Amsterdam, the main office of Commerzbank Aktiengesellschaft in Frankfurt/Main, the main office of Banca Commerciale Italiana in Milan, the main office of Banque Nationale de Paris S.A. in Paris, or at the main office of Kredietbank S.A. Luxembourg in Luxembourg.

Interest on the Debentures so designated for redemption shall cease to accrue on and after the Redemption Date. All coupons maturing after said date which appertain to such Debentures shall be void. Coupons maturing on November 1, 1986, should be detached and surrendered for payment in the usual manner.

TENNECO INTERNATIONAL N.V.
By: Chemical Bank, Trustee

Dated: September 29, 1986
Holders of the Debentures presenting Debentures for redemption to the New York paying agent will be required to comply with the interest and Dividend Tax Compliance Act of 1983 on or before the date of such presentation.

Redemption Notice

National and Grindlays Bank Limited

7 3/4% Capital Bonds 1987

NOTICE IS HEREBY GIVEN that, pursuant to the provisions of the Trust Deed dated November 29, 1972 under which the above designated Bonds are issued, \$2,096,000 aggregate principal amount of such Bonds of the following distinctive numbers has been drawn for the annual redemption instalment on November 15, 1986 (herein sometimes referred to as the annual redemption date):

Table listing distinctive numbers of bonds for redemption, including columns for distinctive number, amount, and other details.

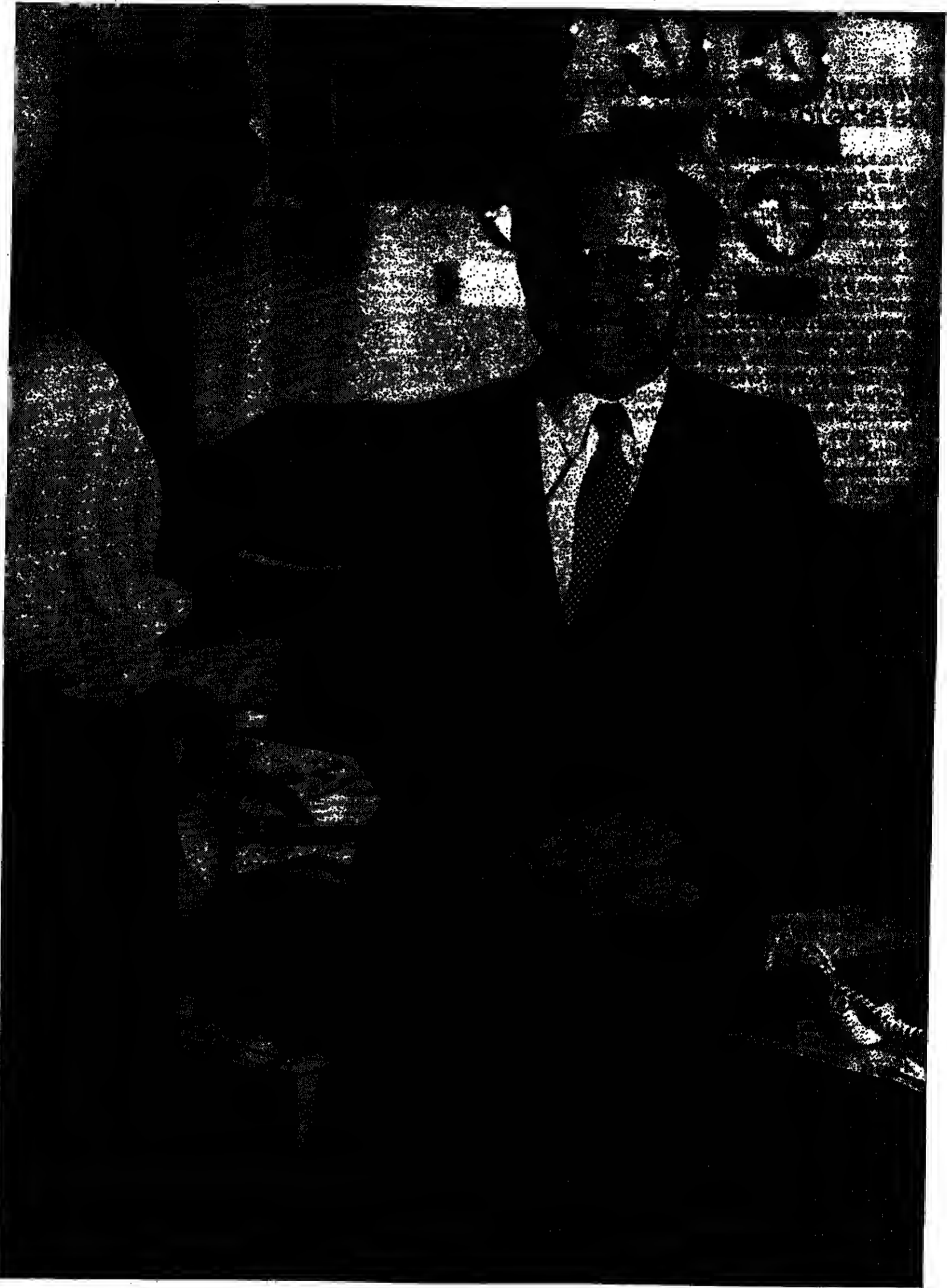
Payment of the redemption price of the Bonds specified above will be made on the annual redemption date at the redemption price of 100 per cent of the principal amount thereof, (a) at the Corporate Trust Services Department of Citibank, N.A. (formerly First National City Bank), the Principal Paying Agent under the Trust Deed referred to above, No. 111 Wall Street, in the Borough of Manhattan, The City of New York or (b) subject to any laws or regulations applicable thereto, at the main offices of Citibank, N.A. in Amsterdam, Frankfurt/Main, London, Paris, Brussels, and Citicorp (Luxembourg) S.A. in Luxembourg, and the principal offices of Lloyds Bank International Limited (formerly Lloyds & Bots International Bank Limited) in Amsterdam, Lloyds Bank International (Belgium) S.A. (formerly Lloyds Bank (Belgium) S.A.) in Brussels, Lloyds Bank Limited in London and Lloyds Bank International (France) Limited (formerly Lloyds Bank International (France) S.A.) in Paris. Payments at the offices referred to in (b) above will be made by a dollar account maintained by the payee with a bank in New York City, or by a transfer to a United States On and after the annual redemption date, interest on the Bonds will cease to accrue, and, upon presentation and surrender of such Bonds with all coupons representing thereon maturing after the date fixed for redemption, payment will be made at the said redemption price out of funds to be deposited with the Principal Paying Agent. The amount of any missing uncashed coupons will be deducted from the sum due for payment.

Coupons due November 15, 1986 should be detached and presented for payment in the usual manner. Withholding of 20% of gross redemption proceeds of any payment made within the United States may be required by the Interest and Dividend Compliance Act of 1983 unless the Paying Agent has the correct tax identification number (social security or employer identification number) or Exemption Certificate of the payee. Please furnish a properly completed Form W-9 or Exemption Certificate or equivalent when presenting your securities.

GRINDLAYS BANK p.l.c.
By CITIBANK, N.A. as Principal Paying Agent

October 7, 1986

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**Lloyds
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Government Bonds**

UK NEWS

Parcels company is milestone for Unlisted Securities Market

BY ALICE RAWSTHORN

THE London Unlisted Securities Market yesterday marked another milestone in its development when Interlink Express, the overnight parcels delivery service, became the 500th company to join the market.

Given that the USM was devised for young, growth-hungry companies, Interlink could scarcely be more appropriate as its 500th entrant. Five years ago its founder, Mr Richard Gabriel, was revving his Kawasaki around the streets of central London as a motorcycle messenger. His company has joined the USM with a market capitalisation of £30m and, once the flotation is completed, Mr Gabriel will become a millionaire.

Of the 500 companies that have joined the USM - and the stock exchange defines "joining" the market as applying to its quotations department for a listing - 358 companies are still quoted on it, with a collective market capitalisation of £4.2bn. The USM has been even more productive in creating millionaires than publicly quoted companies. According to the accountants, Touche Ross, the junior market has produced 544 "paper" millionaires, that is people whose shares in their companies are worth more than £1m after flotation, 48 "cash" millionaires. Undoubtedly the USM's most lucrative flotation, for its founders at least, was that of Mrs Fields, the

US cookie company. Mrs Fields came to the market in May as the USM's biggest issue. Its flotation flopped, leaving the sub-underwriters to pick up 84 per cent of the shares. Yet the company's founders, Mrs Debbi Fields and her husband Randy, collected £24.7m in cash from the issue.

The USM has seen its fair share of ups and downs since its inception on November 10 1980. It was, after all, devised by the stock exchange as a junior tier to the main market in which young companies could find their feet before graduating to the more rigorously regulated environment of a full listing.

Satellite channel to start in January

BY RAYMOND SNODDY

SUPERCHANNEL, the British satellite television channel aimed at the European market, plans to launch its 24-hours-a-day service in the first week of January.

The launch of the channel, owned by 14 of Britain's independent television companies and Mr Richard Branson's Virgin Group, was expected this autumn. It was delayed by negotiations with the unions, such as Equity for actors, on rights to transmit British television programmes to Europe.

Agreement with the unions is now believed to be close and an announcement on the launch of the channel and outline programme

schedules is expected later this month.

Superchannel is a joint service with Music Box, the pop music channel which is already available to around 5m homes in Europe. About 10 hours a day of Music Box programmes will be included in the new Superchannel service.

Apart from Music Box, the rest of the Superchannel schedule will be taken from prime-time ITV and BBC programmes usually recorded. Independent Television News will be providing a special programme of European news every day.

Superchannel will be transmitted by the ECS1 satellite and will be financed by advertising.

Offices 'need to be rebuilt'

ONE THIRD of the office accommodation in the City of London and the Westminster area of London and in their immediate surroundings will need to be rebuilt over the next 10 years, Edward Erdman, the City surveyors, has estimated, writes Paul Chesapeake.

In a report on the implications of deregulation for the London office market, Edward Erdman predicted continuing growth in the demand for space and in rental value.

The report is critical of City planning policies and its predictions of market growth are hinged to the caveat that "planning policies do not cripple the regeneration."

Top posts at IC Gas

Mr Michael Rendle has been appointed a deputy chairman of IC GAS (Imperial Continental Gas Association) and chairman of the group's executive committee. Formerly a managing director of British Petroleum, Mr Rendle joined the IC Gas board last January. He is also a director of Petrofina and Willis Faber, and is deputy chairman of British Overseas Petroleum Syndicate. He assumes responsibility for the executive committee from Sir Desmond de Trafford who remains deputy chairman of IC Gas and chairman of Calor Group. Mr Jack Watt has retired as deputy chairman but continues to serve on the board.

Mr Graham Jarvis has been appointed a director of EASTERN INSURANCE & REINSURANCE. Mr Douglas Hay assumes responsibility for the company's management. These changes follow the retirement of Mr Eric Gelbourne, although he will remain as a consultant. The company is an underwriting agency wholly-owned by Stewart Wrightson Holdings.

Mr Charles Longbottom has been appointed a part-time member of the board of BRITISH SHIPBUILDERS for two years from October 1. Mr Longbottom, a co-founder of the Seascope Group, is chairman of Seascope Insurance Services and of Seascope Shipping Ltd. He is also a director of Henry Ansbacher Holdings. Mr Longbottom has held a number of posts in the shipbuilding sector including the chairmanship of Austin & Pickering (1965-72) and of A & P Appledore International (1970-78).

Dr Allan J. Fox has been appointed managing director of the newly-formed IT INSTITUTE which has been set up by UK industry in partnership with the Cranfield Institute of Technology. He was deputy director (applied physics) of the Royal Signals and Radar Establishment in Malvern, when his primary responsibility was the development of electronic technology.

Mr Geoffrey Powell has been appointed managing director of GRANADA TV RENTAL. He joins from Imperial Group, where he was chairman and chief

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THE RUGBY PORTLAND CEMENT has appointed Mr C. F. Jackson to the board. He is chief executive of the UK cement division.

BANK OF IRELAND has appointed Mr Ede Mahoney as managing director of British Credit Trust, the bank's British instalment credit company. He was executive director of mortgage banking at Citibank Savings.

STREETS FINANCIAL MARKETING, part of Addison Conultancy Group has appointed Mr Jonathan Mitchell as a director. He joined National Mutual Life Assurance Society in 1976 and became assistant general manager (marketing) and a main board director.

Mr John Chadwick, director of the Sunridge Park Management Centre, has been elected chairman of the BRITISH MANAGEMENT TRAINING EXPORT COUNCIL. The deputy chairman is Mr Patrick Forsyth, a director Marketing Improvements.

Mrs Sheila Kemp, managing director of Research & Auditing Services (RAS) has been appointed to the main board of BARHAM GROUP. RAS was acquired by Barham Group in July. Mrs Kemp, who founded the company, is a full member of the Market Research Society and its council, running its field committee.

PB SECURITIES, DOWN DE BOKER & DUCKERTY, stockbrokers, has appointed Mr Christopher de Beer and Mr John MacArthur as deputy chairman, Mr William Smith as managing director, and Mr Simon Clegg, Mr Murray Fuller, Mr Nicholas Chamberlain, Mr Donald Duffy, Mr William Custard and Mr Langdon Steveland as directors.

DAVIDSON PEARCE has appointed Mr Morgan Johnson as chief executive. He has been managing director since 1981. Mr Brian Emsell and Mr Simon Yardley are appointed managing directors. Both were deputy managing directors. Mr Paul Clark, who joined from Van de Bergh in September, has been appointed a vice chairman. Ms Jane Steel and Mr Simon Eastcliffe have been appointed directors.

Mr A. K. S. Franks has been appointed chairman of BECK ELECTRONICS, which was formed to acquire the ceramic capacitor and filter manufacturing business of STC Components, supported with funding from SI and CIV Industrial Investments. Mr Franks is also chairman of Phicom.

JOHN MOWLEM AND CO has appointed Mr J. F. Finucane as managing director of Youngman System Building, modular build-

ing division of the group. He was managing director of SGB Brooker, Australia.

WINCANTON GROUP, a subsidiary of Unigate, has merged trading divisions Wincanton Motor Group and Arlington Motor Holdings. The new group will be promoted under the identity of Arlington Motor Holdings and will be led by managing director Mr John Heywood.

Mr Charles Longbottom has been appointed a part-time member of the board of BRITISH SHIPBUILDERS for two years from October 1. Mr Longbottom, a co-founder of the Seascope Group, is chairman of Seascope Insurance Services and of Seascope Shipping Ltd. He is also a director of Henry Ansbacher Holdings. Mr Longbottom has held a number of posts in the shipbuilding sector including the chairmanship of Austin & Pickering (1965-72) and of A & P Appledore International (1970-78).

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Mr Geoffrey Powell, who has been appointed Managing Director of Granada TV Rental

executive of Imperial Foods (General Products). He succeeds Mr Bill Andrews, who becomes chairman of Granada TV Rental and group director of Granada's retail and dental division.

CITICORP INVESTMENT BANK has appointed Mr L. J. S. Koussoury as vice-president with responsibilities for marketing investment management services to UK pension funds and institutional investors in Holland. He was marketing manager for Henderson Pension Fund Management.

Mr Michael C. L. James, has been elected senior vice-president and regional treasurer of AMERICAN EXPRESS BANK. He has been heading the bank's treasury division in Europe, the Middle East and Africa regions for the past three years.

Mr Stephen Henderson has been appointed director of the reinsurance worldwide division of BAIN DAWES.

CAMBRIDGE CAPITAL has appointed Mr Gordon Montgomery as a director.

Mr Norman McGuire, associate director of WILLIAMS LEA, has been appointed sales director at sales manager in its British Merchant Bank team. He was sales manager at Oyex Press.

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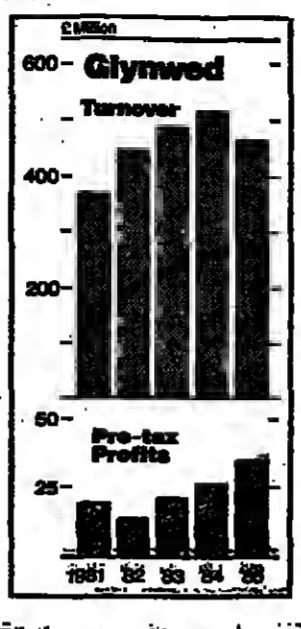
Philip Coggan looks at the changing image of Glynwed International

Showing the patience of Job

Mr Gareth Davies, chief executive of industrial group Glynwed International, is a patient man. He first thought of a bid for Brickhouse Dudley, castings manufacturer, in 1982 but it was not until June this year that relative price movements allowed him to make his move. "It needed 8m shares when we first looked at it," he recalls, "we ended up using 5m."



Mr Gareth Davies, chief executive of Glynwed



Countering the perception of mature businesses meant a fresh round of acquisitions and disposals. Out went some engineering companies, of which the most significant was Glynwed Fastenings, sold for £5m to Armstrong Equipment in March this year; in came Beta Tubes and two plastics companies, the largest being the Australian Plinmac bought for \$8.7m in March.

It has required the temperament of Job for Mr Davies to convince the markets that there are profits to be squeezed from the collection of seemingly mature businesses—steel, engineering, fabric and fittings—that make up the majority of the Glynwed group.

Changing the image of Glynwed has involved shedding loss-making subsidiaries, cutting the gearing and seeking out niche markets in steel, consumer products and plastics. And it has meant an ambitious commitment to 20 per cent annual earnings growth.

Glynwed has never been purely a metal basher. Its products range from Aga cookers to Australian plastic pyjamas. In the last full year, the consumer and building products division contributed 29.5m, almost a quarter of operating profits.

That is not to say that Glynwed is ashamed of being a widget-maker. "They are extremely good at managing unexciting businesses," believes Mr Colin Fell, an engineering analyst at Scrimgeour Vickers.

The figures seem to belie it. Pre-tax profits which were £13.7m in 1982 are likely to top £45m this year and earnings per share, which were 14.6p in 1982, had risen to 27.7p by 1985.

wed to survive. With the downturn in 1974, when the share price touched 280 £B2 bearing reached 120 per cent, had fanned home the importance of financial engineering. As business director, Mr Davies was already running a tight ship.

Second, Glynwed anticipated the recession. In 1978, the motor industry went into a downturn and in committee, the Glynwed management foresew the slump spreading to the rest of the economy. "We decided that Margaret Thatcher might put this bid to rest," said chairman Sir Leslie Fletcher, and the dividend was accordingly cut by over a third and 15 factories were closed or sold.

The third factor was Glynwed's diversification overseas. In 1981, when Glynwed achieved what was then a record profit of £18m, over half those profits came from abroad. The main contributor was the South African subsidiary, Davy.

Glynwed took advantage of its strength to acquire companies which had bounced less quickly out of the recession. Durapipe and Ductile, bought in 1981 and 1982 respectively, were add-ons to areas of existing Glynwed activity. In the US, a variety of acquisitions were made as a conscious move to diversify overseas, but one, Brennan Steel, proved a consistent loss-maker. Even so,

Brennan was bought in 1973 when the pound was sitting against the dollar and gold when it was weak.

That knack for well-timed decisions was re-emphasised when Davy moved into the red. Glynwed had no hesitation in dropping the company which had helped pill it through the UK recession, and sold the bulk of its stake in December 1985. Subsequent events have shown that to be a good decision.

As the economy picked up, Sir Gareth's strategic thinking turned sharp and made to extension. But his prospects for further acquisitions were limited by the share price. As late as April 1986, the historic p/e was as low as 0.5. Instead of meaning Glynwed fired a market researcher to discover what the City really thought of it.

He concluded that the City's overwhelming impression was of an overvalued company with interests in mature industries. These impressions helped shape corporate strategy from then on. Although interest rates had rarely been less than three times, Mr Davies recognised the need to cut gearing, which accordingly fell from 64.2 per cent in 1984 to 18.5 per cent in 1985, helped by the proceeds of the South African disposal. "Our objective is to keep the gearing below 40 per cent," says Mr Davies.

"This is one mere piece to fit into the jigsaw. We needed a piece by which the City could remember us," says Mr Davies. The one he chose was the largest ship since the outbreak of the second world war built in Hong Kong. "We need a commitment designed to startle those who had written off Glynwed as a mature business. Both the Brickhouse and the Plinmac acquisitions were bought at a price which would not dilute earnings growth."

Analysts are cautiously confident that Glynwed can meet Mr Davies' forecast. "It is fairly ambitious and they will not believe it entirely," says Mr John Greshall, a Chartered Accountant, but he does add things as Mr Colin Fell's view is that "they will

'Our objective is to keep the gearing below 40%

which the target in the medium term is as long as the economy doesn't fall out of bed."

Hong Kong's biggest container terminal

HONG KONG International Terminals, an 89 per cent held subsidiary of the Hutchison Whampoa Trading Co, has been awarded a HK\$500m (£51m) civil works construction contract for the terminal number six at the Kwai Chung container pier at Hong Kong's New Territories to a joint venture led by Japan's Kubasaki Gumi.

The contract is one of the largest marine-related contracts to have been awarded in Hong Kong. Work commenced on October 1 and is scheduled for completion in late 1989.

The work includes reclaiming 20 hectares of land with marine-fill from areas of sea bed at Ma Wan off northern Lantau Island, and with additional marine-fill coming from Tsing Yi Island. When completed, it will almost double HKT's terminal handling capacity to 1.5m containers a year and expand the total area to 87 hectares.

The terminal will have three berths capable of accommodating the largest fourth generation "Supermax" ships and will be the largest in Hong Kong. It is also a 250,000 sq ft building in Parliament Street, SWL.

FORD AND WHEATON has won contracts totaling £2m. They include two housing improvement schemes worth £800,000, for South Derbyshire District Council, a £300,000 housing maintenance programme for Derby City Council, a fire retardant contract worth £300,000 at Harper High School, and a £500,000 contract with South Derbyshire District Council for a fire retardant programme in Derby City Council.

Alteration and refurbishment work by BOVIS CONSTRUCTION at the National Westminster Bank, Kings Mall, Hammersmith, is underway, under a two-phase contract valued at over £600,000. The first phase of the alterations was the development of a management suite at 1-15 King St, some 150 yards from the bank branch. In the branch at Kings Mall, the second phase consists of relocating the processing equipment to the first floor to enable the development of an enlarged public space with increased low transaction cashier points.

units purchased. Deliveries during first contract year alone are expected to be worth more than \$4.5m (£3.5m).

HILL GRAHAM CONTROLS has been awarded the first phase of a contract valued in excess of £2m to supply and install variable speed control gear on a fleet of ferry boats. The contract was placed by British Shipbuilders on behalf of PZ Trading A/S of Denmark and covers the construction of 24 vessels at the North East Shipbuilders' yard in Sunderland. Sea trials of the first two vessels, included in the initial contract phase, will commence in May 1987 with official launches scheduled throughout three years from that date. Once in service, the 1,350 tonnes dwt ferry boats will carry passengers, vehicles and general cargo between various Danish islands and the mainland. The order specifies high technology control gear to vary the speed of each vessel's four five-pitch thrusters which are individually driven by 80kW ac cage motors.

FORD AND WHEATON has won contracts totaling £2m. They include two housing improvement schemes worth £800,000, for South Derbyshire District Council, a £300,000 housing maintenance programme for Derby City Council, a fire retardant contract worth £300,000 at Harper High School, and a £500,000 contract with South Derbyshire District Council for a fire retardant programme in Derby City Council.

Looking for oil in the jungle

ROBERTSON RESEARCH has been awarded a three-year contract by the national oil company of PERU (PETROPERU) to carry out a detailed exploration evaluation of the petroleum geology in the jungle area in the east of the country. The objectives include the identification of reliable structures to delineate new oil reserves for Peru whose production has been declining in recent years. The work will involve a multi-disciplinary technical team. The contract, valued at \$4.7m, forms part of a large US\$50m programme, financed by the Inter-American Development Bank, Washington DC.

An £800,000 contract to upgrade various Royal Air Force TR1V-26 TACAN (tactical air navigation) beacons has been won by RACAL AVIONICS. Flight checking on the system is now taking place with commissioning of the system expected in October. The TR1V-26 TACAN, manufactured by E-Systems in the US and sold under licence in the UK by RACAL Avionics, has been procured by the Royal Air Force to supplement its ageing ground TACAN beacons. RACAL Avionics, which has supplied 21 TR1V-26 beacons to the Ministry of Defence for use in West Germany, Cyprus, Falkland Islands and in the UK, will undertake the high power TACAN upgrade programme, carry out the testing, and provide ongoing support to the Royal Air Force.

Mersey Valley Development Corporation has awarded BALFOUR BEATTY BUILDING a contract, valued at \$906,000, for the refurbishment of a dockside transit shed. The contract includes re-roofing brickwork repairs, floor repairs, drainage, partitions and redecoration to create an area for occupation by small industrial units redeveloping the disused South Docks of Liverpool. Work is scheduled for completion by April.

Pick specialist SANDERSON COMPUTERS, distributor for C. Rob minis in the UK, has won orders worth £750,000 for the latest, the 32-bit 300 series. Customers include TI Reynolds, Goldsmiths, Bramah Engineering, Lancaster University and Newcastle Polytechnic.

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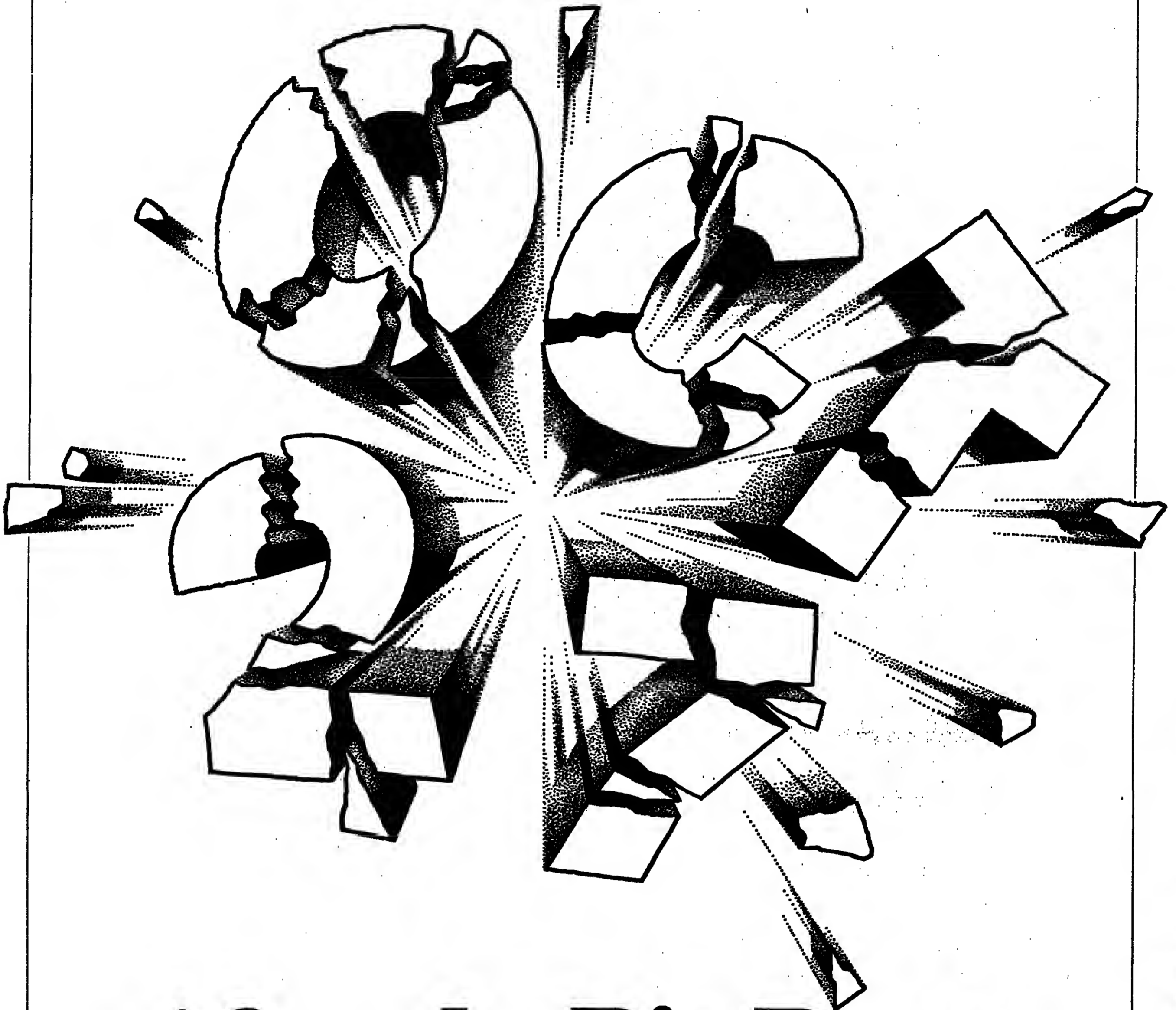
This prospectus does not constitute an offer of any security.

September, 1986.

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In the FT Survey, twenty specialist writers will examine and comment upon every aspect of The City Revolution: How it came about, what the changes will be, and the probable shape of things to come.

The FT's well-informed and authoritative approach will be reflected in the survey, making it one that every businessman in every company affected will read, keep and refer to again and again.

It is, therefore, an important issue for your advertising to appear in, one that will still be effective long after October 27th.

The person you should contact is Nigel Pullman on 01-248 8000.

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Bankers Trust has played a major role in many Euro-note and Euro-commercial paper programs established for high quality corporate and sovereign issuers, such as Unilever, the Kingdom of Sweden, Oesterreichische Kontrollbank and Credit National.



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Established contract-hire business

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- Designs and manufactures a range of specialist lightweight, high-performance internal combustion engines and associated components for defence-related industries
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Current order book for defence products of about £2.8m
Skilled workforce of 113

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Price Waterhouse

H. Nuttall and Sons Ltd The Joint Receivers offer for sale the business and assets of the above company which operates as haulage and transport contractors in the UK.

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THE ARTS

Jorge Bolet/Festival Hall

Dominic Gill

Jorge Bolet was on magnificent but exceptionally dark-humoured form for his piano recital on Sunday afternoon...

John Lill/Barbican Hall

Dominic Gill

For many years after he won the Chalkovsky piano prize in Moscow in 1970 I found John Lill playing, and of Beethoven in particular...

Mahler/Festival Hall

Max Loppert

Mahler symphony performances by Klaus Tennstedt and the London Philharmonic have become a regular feature of London concert life...



Richard Serra's I-1-1-1, hot rolled steel, 1969, in the Saatchi gallery

Saatchi Collection/William Packer

Complementary season

Not the least remarkable feature of the Saatchi Collection, which by any reckoning is one of the most ambitious and substantial of modern times...

The earlier works here by Serra date from the late 1960s. They are, for him, small conceptual pieces concerned with the physical realisation of simple ideas of prop and balance and untried structure...

Britten-Tippett Festival/Wigmore Hall, Festival Hall

Composer as commentator

As he gets older, Tippett gives more cogent and amusing interviews. His relaxed discussion about the musical life shared by himself and Britten...

Second Symphony as centre

An unqualified masterpiece coupled with two significant movements made up of successful Thursday night's instalment of the Britten-Tippett Festival...

The Representative/Glasgow Citizens'

Michael Coveney

Rolf Hochhuth's 1963 documentary drama caused a furor in the West. It was a revival of a long but little-known play by Adolf Eichmann...

Arts Guide

Opera and Ballet

LONDON: English National Opera, Coliseum. The new production of The Mikado by Jonathan Miller aims to divert G & S of their Japanese top layer...

WEST GERMANY: Berlin, Deutsche Oper. 25th anniversary season. Fidelio, produced by Jean Pierre Ponnelle, stars Richard Vogel and Gerd Feldhoff...

NEW YORK: New York City Opera (NY State Theatre). The week begins with the debut of the new production of Der Fliegende Holländer...

CHICAGO: Lyric Opera. Christof Parkes conducts Pier Luigi Ferrini's production of Parsifal, a Lyric Opera premiere...

TOKYO: Covent Garden Royal Opera Japan tour continues with John Copley production of Così fan tutte with Kiri in Kaasara...

October 3-10



Vincent Friel and Catherine Ann MacPhee in The Albanach

Saleroom/Antony Thorncroft

Unmovable earthenware. Continental ceramics have not been in the highest demand in recent months, so Christie's was quite pleased with its total of £445,283 yesterday...

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FINANCIAL TIMES

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Tuesday October 7 1986

Blander still and blander

WHAT THE Conservative Party Conference needs as it opens in Bournemouth today is a really good row; or, better still, a series of good rows. The Tories have had things too easy for too long to be allowed to get away with another stage-managed conference, with occasional noise of what was promised. There have been gains, to be sure: the curbing of the power of the trades unions, the reduction of inflation (though even that may now be beginning to turn) and a lessening of state controls in the economy. The list of failures, however, is damning: unemployment and the spread of poverty, for example. The exchange rate is again precarious and the balance of payments prospects none too pleasing.

Short-sighted

The absence of a coherent opposition can lead to Tory complacency. In their television interviews on Sunday both Mr Douglas Hurd, the Home Secretary, and Mr Norman Tebbit, the party chairman, spoke as if it were merely a matter of filling in a few gaps that have somehow been overlooked in the last seven years, spending a bit more on housing and education and pointing out that rather more has been spent on health than most people have realised.

Chance for a truce on aid

AFTER FIVE years of milking aid budgets to compete against each other for project business in the developing world, the OECD countries seem ready to declare a truce. Officially the 23 member governments of the OECD go to Paris this week with proposals for checking the subsidy race that for the first time look reasonable.

All parties now appear to agree that a sharper line should be drawn between aid and commercial financing, even if the separation cannot be made complete. They agree that the aid component of any subsidised project financing—whether a mixed credit or a soft loan—needs to be raised from the 25 per cent agreed by ministers last year to all that remains is to compromise on the amount.

The US has set a target of 50 per cent, but would probably settle for 40 per cent. The EEC is proposing 35 per cent, phased in over two years. So far, at least, there seems little dispute that raising the cost of subsidy in this way would provide a healthy disincentive to the commercialisation of aid programmes.

Wider choice in Fleet Street

WHEN THE structure of an industry is transformed by the introduction of new technology and the removal of restrictive practices the outcome usually conforms to a predictable pattern. Costs come down and new entrants are attracted by the prospect of higher returns; increased competition then puts pressure on the industry's profits and the least efficient companies are squeezed out.

A WEEKDAY morning at the Hyatt hotel near the grey and functional heart of Pittsburgh, home of the Steelers American Football team and the Iron City brewery; all names synonymous with the grind and grit of steelmaking and heavy engineering.

More than 600 smart-suited venture capitalists, executives of the big local corporations, small companies short of development cash and academics from the area's universities file in for a pre-lunch get-together and a meal of veal with gravy, chocolate cake and apple juice.

Sixty miles long with 2.5m people and a core area of 600,000, Pittsburgh knows a lot about transformation. It has for decades been much more than a steel town, enjoying a steady post-war diversification into services.

Unemployment in the British coal-mining area is a smaller and much more heavily subsidised community but with the same population as Greater Pittsburgh, a sprinkling of company headquarters, the Co-operative Bank head office and three universities.

No one questions that Pittsburgh and the five counties that surround it possess unique advantages. It has the third largest amount of corporate headquarters among US cities—Westinghouse, Heinz, USX, Rockwell, Alcoa—possessed two large banks—Mellon and the Pittsburgh National—some of the country's richest private foundations and a 30-year history of intertwining between big business, local politicians and now the universities.

But few of those in Pittsburgh who know Britain well doubt that part of the difference in performance goes to the heart of some of the UK's most chronic problems—the sheer lack of financial resources which

are being increasingly sucked onto the south-east, the lack of any common purpose between subsidised community but with the same population as Greater Pittsburgh, a sprinkling of company headquarters, the Co-operative Bank head office and three universities.

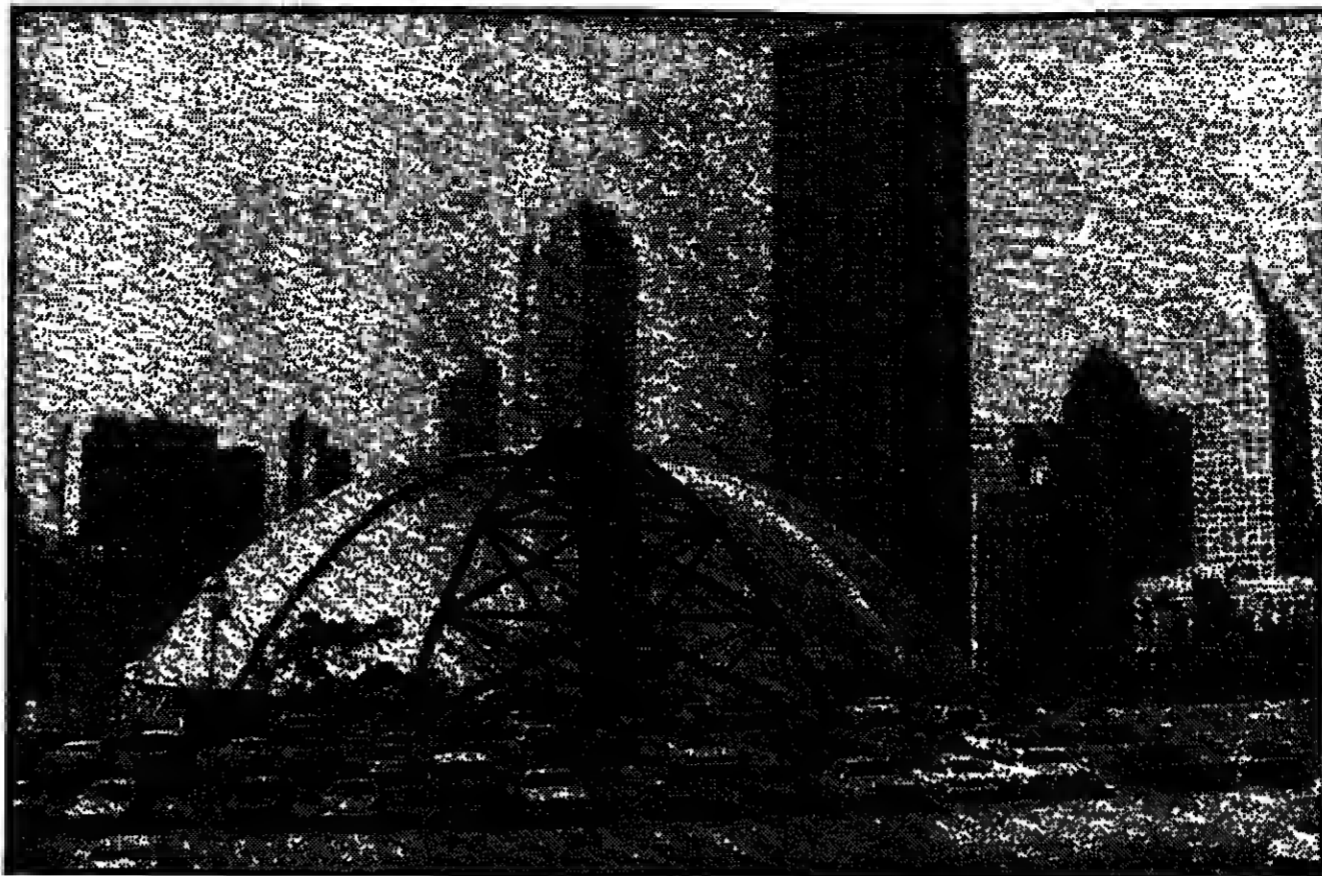
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URBAN REGENERATION



Pittsburgh's civic centre, at the heart of a thriving city

Pittsburgh points to some possible answers

By Nick Garnett

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Luckwell's sporting chance

When you have millions of pounds in your back pocket the world beats a path to your door. Mike Luckwell, aged 44, the former managing director of Carlton Communications has had no less than 128 direct propositions since February when he cashed in his Carlton stake for £25m.

He has become deputy chairman of a reconstructed version of West Nally, the international sports marketing organisation. He has taken a substantial stake and will invest between £5m and £10m over a period as required.

Also joining the new West Nally group as managing director is David Cielitira, a founder member and deputy managing director of Sky Satellite Television.

Messel's man

There is an impression abroad that most polytechnic lecturers eventually become Labour MPs. Whatever the truth of that, it is certainly rare to find stockbrokers recruiting them.

Men and Matters

sel (now part of the Amex/Shearson Lehman group) as international economist.

He has become deputy chairman of a reconstructed version of West Nally, the international sports marketing organisation. He has taken a substantial stake and will invest between £5m and £10m over a period as required.

Langdon factor

Party pieces

Party pieces

Break of day

Moving on

Party pieces

Party pieces

Party pieces

Party pieces

Party pieces

Party pieces

Party pieces

Party pieces

Party pieces

Party pieces

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Letters to the Editor

Inadequate debate on Financial Services Bill

From Mr. A. Dawson Paul
Sir.—The legislative incompetence being displayed by the Government over the Financial Services Bill should surprise no one.

in the House of Lords seems to me to be the height of irresponsibility, but symptomatic of the way in which the changes resulting from Big Bang have been allowed to go far beyond anything that was envisaged (publicly at any rate) at the time of the "Goodson/Farkinson deal."

Technology for defence

From the Managing Director, Plessey Avonics

Sir.—The excellent article by David Buchanan (September 30) on the high-cost quest for the right answer contained several inaccuracies and mis-statements relating to the Boeing ES AWACS aircraft currently being offered for the UK air force.



Early closing market days

From Mr. V. Harrison

Sir.—We are writing to protest at the changes recently introduced by the coffee and gas oil markets which we find very frustrating.

Bridge over Treasury waters

From the Director, British Road Federation

Sir.—I feel sure that I shall not be alone in attempting answers to some at least of the examination questions set by your admirable and timely leader "Bridge over Treasury waters" (September 30).

To illustrate the damage this new rule can cause, I will quote you just two examples — on August 4, we wished to close down a short position in October gas oil and the price quoted towards the end of trading for the day was \$117 per tonne and despite the fact that many traders were wishing to trade at this price, the market was closed under the one minute rule and we had to wait until the following day to execute the order.

Whose fault is it, anyway?

From Mr. Edmund Dell

Sir.—I had not intended to play any part in the discussion following John Redwood's (September 17) of Mrs Thatcher's Britain. As, however, Mr Redwood claims Terminal 4 at Heathrow as one of the triumphs of the Government and the pros and cons of Terminal 4 are spurring so largely in

Extra grants for students

From Professor P. Moore

Sir.—The proposal (September 15) to fund higher education tuition by channelling the money through extra grants to individual students — rather than via the university grants committee as at present — would be welcomed since it could lead to greater flexibility of choice for students than exists at the moment.

Honeywell worldwide venture

From the Director, Corporate Information and Communications, Honeywell Bull

Sir.—With reference to your article "Honeywell seeks worldwide venture" (Sept 25) we were very surprised to read that Bull officials were said to have implicated the French Govern-

An exchange rate target to help industry

From the Treasurer, Labour Economic Policy Group

Sir.—I am glad that Mr Grey (October 2) believes that sound economic management includes full employment among its objectives because common sense as well as economic theory support my view that full employment cannot be achieved without a huge increase in the real money supply and a huge fall in the real exchange rate.

Most of that loss has been to Germany. I agree with Mr Samuel Brittan (October 2) that what is needed is an exchange rate target to enable industry to play its part in our recovery, but any such target must make economic sense and if Mr Grey really believes that full employment should be included as an objective—which is not, of course, Mr Brittan's view—then he will accept our contention that the target should be fixed in real and not in nominal terms.

THE CONSERVATIVE Party conference this week is an exercise in renewal. Under the slogan "the next move forward," the leadership will seek to prove that it has not run out of steam.

There will be two conferences in the seaside town this week. The official programme will consist of platitudinous motions and carefully co-ordinated ministerial announcements about this winter's legislation together with guarded hints about ideas for the election manifesto.

But, as at the Edinburgh Festival, the fun will be on the fringe. Ministers will compete with each other to pour out their views on the future. The assistants can—if they rush from one over-crowded hotel meeting room to another—spend their lunchtime listening to Mr Nicholas Ridley on privatisation and Mr Peter Walker on the "Task Ahead."

At stake is the shape of the Conservative programme for a third term. The debate is no longer between wets and dries. The old warhorses of the early 1980s like Messrs Pym and Prior are now mostly heading for retirement.

The post-1983 groupings of consolidators and radicals still exist to some extent. Indeed at the free market end the Selsdon Group and the Institute of Directors are urging wholesale privatisation of the remaining nationalised industries, deregulation of housing, tax relief for private health insurance and full parental choice in education through a transferable credit.

At the other end, the consensus-minded Tory Reform Group argues for consolidation and the slogan of "Britain is safe with the Tories." But the main argument is about the extent of the party's radical commitment.

The Government's own answer is clear. The main action will be on its future plans. That approach was decided last month by the seven-strong strategy committee — generally known as the "A team" — chaired by the Prime Minister.



Flashback to 1983: Mrs Thatcher with the election manifesto

looking at broad areas like the economy and foreign affairs as Mrs Thatcher's clear frustration with the workings of the educational system and with housing provision has stimulated the internal debate. But experience in office has also led to a reassessment of policy by ministers of all shades of opinion.

For instance, Mr John Patten, Housing Minister, who started out on the traditional Tory "wet" wing, has been in the forefront of the moves to shared ownership (part rent/part outright purchase) and then, post-election, by possibly moving towards removing controls on new lettings. Admittedly, some radicals such as the Selsdon Group want to go further and end controls on existing tenancies but the direction of Mr Patten's efforts is towards changes which would have been regarded as politically unthinkable a few years ago.

Similarly, in education, it has been the eminently "wet" Mr Kenneth Baker and his former deputy Mr Chris Patten who have pressed for change in the present structure. In his speech this afternoon, Mr Baker will foreshadow plans for 20 centrally-funded technical schools in the inner cities and outline ideas for bypassing local authorities through specially designated Whitehall grants.

It is no longer a question of defending the present system against free market radicals. Everyone, at least within the

Government, agrees on the need for change in housing and education. At issue is the pace. Yet radical ideas on altering the structure are being linked to agreement that more money needs to be spent in specific areas like urban renewal and teachers' pay. This is the key to the emerging new Tory consensus.

In other areas the radicals face a harder task. Mr Hurd has publicly indicated the opposition of a powerful ministerial group to any change in the basic funding of the National Health Service and his caution about ideas for tax relief for private health insurance. Instead, the emphasis is likely to be on better value for money and more resources for politically sensitive areas like hospital waiting lists and cervical cancer screening.

The consolidators have, therefore, not given up all hope. Mr Iain Paton, the chairman of the Tory Reform Group, believes radical ideas are on the wane. He points to the acceptance of some areas and to the inclusion of social problems such as housing and the inner cities high on the policy agenda.

By Friday afternoon—when the faithful are waving their Union Banners and singing "Land of Hope and Glory"—the Conservative leadership will be well pleased if such unpleasant reminders of the outside world as higher interest rates can be avoided and the impression given of a fresh and dynamic team, facing the future.

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FINANCIAL TIMES

Tuesday October 7 1986



W. German opposition buoyed by swing in local poll

By David Marsh in Bonn
WEST GERMANY'S opposition Social Democratic Party (SPD) was yesterday drawing comfort from a swing to the left in Sunday's local elections in the northern state of Lower Saxony.

French air force favours Awacs warning system

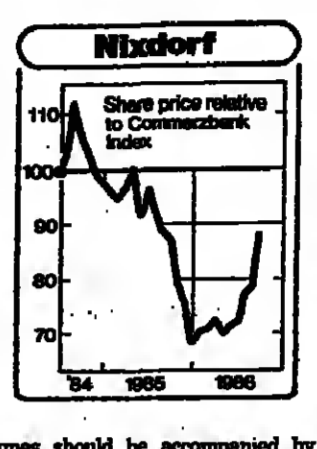
BY DAVID HOUSEGO IN PARIS
THE FRENCH air force has for the first time come out publicly in favour of France purchasing the Boeing E-3 Awacs aircraft as the "only" airborne early warning system suited to its needs.

Itoh, C&W in bid for Japanese telephone contract

By Ian Rodger in Tokyo and Terry Dodsworth in London
C. ITOH, the Japanese trading group, and Cable and Wireless (C&W), the US-based international telecommunications company, moved a step further yesterday in their plans to collaborate in the provision of a second international telephone service for Japan.

THE LEX COLUMN Continuous paper at Nixdorf

To suggest that the 25 per cent rise in Nixdorf's share price since August offered an opportunity for a rights issue too good to be missed is true, but it is only part of the story.



Nixdorf has been growing its turnover at a regular 20 per cent for 10 years. It is no Norsk Data, which can milk its domestic market for cash. In private hands, the strains of growth caused periodic cash-squeezes at Nixdorf which ultimately not even the Deutsche Bank wanted to finance on its own.

So far the signs are not greatly encouraging. While the precipitous growth in capital expenditure should slow this year, a good portion of the earlier issue proceeds has vanished into working-capital, which has risen faster than turnover.

World demand for steel next year expected to remain flat

BY NICK GARNETT IN RIO DE JANEIRO
WORLDWIDE demand for steel will remain flat throughout next year, with consumption falling in the US, Japan and the EEC and with only a small rise in demand in parts of Latin America and Asia to offset this, according to figures from the International Iron and Steel Institute (IISI) published yesterday.

World demand for steel next year expected to remain flat

more difficult conditions this year and some of them are likely to slide into losses again. Low cost imports from countries with no quota arrangements with the EEC, particularly Romania, are taking some of the blame.

UK Tories poised to attack

BY MICHAEL CASSELL, POLITICAL CORRESPONDENT
THE BRITISH Conservative Party's annual conference starts today in a mood of confidence which the leadership intends to use to pave the way for a third general election victory and to toughen its attack on political opponents.

Singapore economy poised for recovery

Continued from Page 1
The rate of decline in construction appears to have slowed, from 29.1 per cent in the first quarter to 17.1 per cent in the second, but the effect is savage. Unemployment rose to 6.5 per cent at the end of June, and these figures mask a large exodus of labour back to neighbouring Malaysia and Indonesia.

World Weather

City	Temp	Wind	Cloud
Amsterdam	11	17	17
Berlin	11	17	17
London	11	17	17

Delays hit EEC internal market plan

BY TIM DICKSON IN BRUSSELS
THE ambitious plans drawn up by the European Commission, and enthusiastically endorsed by the British Government, to scrap almost 100 internal trade barriers in the EEC in the course of this year, are running seriously behind schedule.

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Tender Panel Members: Amsterdam - Rotterdam Bank N.V., BAI plc, Banque Belge Limitée, Banque Nationale de Paris, CEC-Union Européenne, International et Cie, Commerzbank Aktiengesellschaft, Crédit Lyonnais, Credit Suisse, Credito Italiano, The Dai-ichi Kangyo Bank, Limited, First Chicago Limited, The Hongkong and Shanghai Banking Corporation, Istituto Bancario San Paolo di Torino, Kleinwort Benson Limited, Midland Bank plc, Samuel Montagu & Co. Limited, Morgan Grenfell & Co. Limited, Morgan Guaranty Trust Company of New York, National Westminster Bank PLC, The Royal Bank of Canada, Security Pacific Hoare Govett Limited, Société Générale, Standard Chartered Bank, Swiss Bank Corporation, S.G. Warburg & Co. Ltd.

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SECTION II - COMPANIES AND MARKETS
FINANCIAL TIMES

Tuesday October 7 1986

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Security Pacific to add to its Europe activities

BY DAVID LASCELLES IN LONDON

SECURITY PACIFIC, the large US west coast banking group, intends expanding its asset-based finance activities in Europe.

Mr William Ford, vice chairman in charge of the Financial Services System, said yesterday that the group was looking for acquisitions to add to its existing European operations, which include the consumer and commercial finance markets.

Last week Security Pacific EuroFinance, the group's London Finance subsidiary, bought Anglo Factoring Services, a factoring and receivables concern in Brighton. The group expects to develop a factoring network in France, Germany, Belgium and the Netherlands as well.

Security Pacific has been one of the most active US banks in the asset-based finance business. Last year, the Financial Services System contributed 43 per cent of the group's total net income of \$322m.

The EuroFinance arm has assets of about \$1bn and is earning a return on assets of about 1 per cent, according to Mr Lynn Felsky, its president. This is higher than banks usually earn on their conventional lending, and is accounted for by lower loan losses on asset-based

Sharp to invest \$173m in Brazil

By Ann Charters in São Paulo

SHARP, one of Brazil's leading consumer electronics and information technology equipment groups, is to invest \$173m in the next four years to expand its market position domestically with new products and facilities and to broaden its micro-electronic component operations.

Sharp S/A Equipamentos Eletrônicos, the holding company, reported consolidated net earnings for the fiscal quarter to May 1986 of \$48.5, a real increase of 316 per cent over the previous 11 months before Brazil's new currency and economic adjustment measures took effect on March 1.

Earnings in the quarter were up in large measure because of an action of rights to a stock offering and gains realised on stock sales for S&I Information, an information technology company within the group and publicly quoted.

Agreement will aid production of new generation of personal computers
Intel and IBM sign design pact

DETAILS OF A big semiconductor technology exchange agreement between Intel, the silicon valley chip maker and IBM, the world's largest computer manufacturer, were made known yesterday.

The agreement, which was signed early this year as part of a broader business pact, is expected to provide IBM with a partial solution to its problem of competition from makers of personal computer clones.

The technology agreement gives IBM the rights to incorporate Intel's microprocessor and peripheral chip designs into customised chips. IBM is expected to produce its own version of the industry standard micro to build a new generation of personal computers that cannot easily be copied by its competitors.

IBM uses Intel's standard chips to make its personal computers. This has enabled an estimated 250 companies to produce "copied" personal computers based on the same chips. The so-called clones are

Louise Kehoe in San Francisco examines the exchange expected to provide IBM with a partial solution to its problem of competition from makers of PC clones

currently outselling IBM's own personal computers.

The announcement of the technology agreement comes at a ready strong relationship between IBM and Intel, a major supplier of chips to IBM. In 1985 purchases represented almost 20 per cent of Intel's sales. IBM is also a large Intel stockholder, holding almost 20 per cent of Intel's shares.

The agreement provides Intel with a big boost into the markets for "semi-custom" chips, one of the fastest growing sectors of the semiconductor business. Worldwide semi-custom chip sales totalled about \$1bn last year and are expected to grow to more than \$2bn by 1990, representing about 25 per cent of chip sales.

Under the terms of the agreement, Intel will acquire the rights to IBM "gate array" technology. Gate arrays are semi-custom arrays of logic devices that can be shaped to perform a wide variety of functions according to a system designer's needs. IBM was one of the earliest users of gate arrays and its technology is considered very advanced.

In addition, IBM will provide Intel with a library of pre-design chip "cells." These will be combined with Intel's own chip designs in a semi-custom "macrocell" offering.

For Intel, yesterday's announcement signals the company's long-

awaited entry into the semi-custom chip market. Although a leader in standard chips, Intel has lagged behind competitors in answering the semi-custom market. Now it will invest about \$100m for new manufacturing facilities, design centres and support for its new product line, said Mr Andrew Grove, Intel president.

Although Intel enters the semi-custom business later than its competitors, the company is the first to offer both gate arrays and macrocell chips. "This unified approach gives systems designers important flexibility," Mr Grove said.

Intel does not expect semi-custom chips to boost its sales significantly over the next two to three years, said Mr Grove. In the longer term, however, the new semi-custom capability will add to Intel's ability to move its investments in new chip designs into adaptable versions providing additional revenues.

Norsk Hydro sees profits fall

BY FAY GJESTER IN OSLO

NORSK HYDRO, the Norwegian energy and industrial group which in mid-summer reported a sharp decline in first-half results, yesterday substantially downgraded its profit expectations for 1986 as a whole.

In a short statement in advance of the third-quarter results, Norsk Hydro said its earnings for 1986 would be considerably poorer than the weak profits outcome predicted with the interim figures.

July's half-year report - which showed group profits about 50 per cent lower at Nkr 1.52bn (\$178m) before tax - had predicted a better balance between costs and prices in the fertiliser division during the second half of 1986. Instead, Norsk Hydro said yesterday, the trend has been negative.

Norsk Hydro said the international fertiliser market had been under "severe pressure" during the third quarter and prices in the major European markets were unsatisfactory.

Results from overseas markets continued to be poor, and lower energy prices "have not yet fully influenced raw material costs for the fertiliser industry."

Apart from weak fertiliser trading, Norsk Hydro's interim results were hit by the devaluation of the krone, soft oil prices and a strike in the Norwegian sector of the North Sea which halted oil and gas sales during April.

Half-year operating profits in the energy division fell from Nkr 2.5bn to Nkr 1.6bn. Onshore petrochemicals turned a profit of Nkr 61m in a loss of Nkr 100m for the six months.

Fertilisers accounted for just under half a group turnover in 1985. For the first half of 1986 Norsk Hydro said competition had remained keen with prices falling. Sales had also been hit by the way distributors had run down their stocks.

Looking ahead, the Norsk Hydro interim report drew some comfort from the reduced cost of natural gas and other raw materials.

However, the latest statements from the company - just three weeks in advance of the next set of results - suggest that the group continues to labour under extreme trading difficulties.

Saint Gobain predicts earnings will double

BY DAVID HOUSEGO IN PARIS

SAINT GOBAIN, the French state glass group due to be privatised before the end of the year, expects to double first-half profits.

The group said yesterday it expected to show net consolidated profits of FF 600m to FF 650m (\$92.3m) for the first six months of the year compared with FF 325m for the same period of 1985. Turnover rose from FF 11bn to FF 17.5bn - although on the basis of a comparable structure the increase is 11 per cent.

The profit improvement is in line with the group's earlier forecasts. Full figures for the first half are to be published in about a week.

The French Government has called in Crédit Commercial de

France (CCF), the French commercial bank, and Kleinwort Benson, the British investment bank, to help to evaluate Saint Gobain's worth before it is put on the market in early December.

Mr Jean-Louis Baffa, the group president, said yesterday that the improved results stemmed from the virtual completion of the group's restructuring and the bringing down of its financial charges.

The group's capital and reserves have been recently strengthened by the issue of FF 2.4bn in certificates d'investissement (non-voting stock) and by the sale of the bulk of its stake in Compagnie Générale des Eaux, the French water group, for about FF 2bn.

Midlantic Banks boosts third quarter to record

BY OUR NEW YORK STAFF

MIDLANTIC Banks, the fast-growing New Jersey-based regional banking group, boosted third-quarter net profits to a record \$29.4m, or \$1.31 a share, from \$25.3m, or \$1.18 a share, previously.

This took the nine-month earnings to \$82.1m, or \$3.89 a share, up from \$64.6m, or \$3.28 a share, last time.

The results reflect the group's acquisition of Heritage Bancorporation in May last year.

Mr Robert van Buren, chairman and chief executive officer, said: "Midlantic has again achieved record net income and met its planned financial goals. The principal factors which contributed to our improved performance were higher

net interest income resulting from increased levels of earning assets and higher fee income."

The growth in earnings assets stemmed from increased loans in both the commercial and consumer sectors of the market. The higher fee income came mainly from increased activity in the mortgage banking subsidiary and other fees relating to services, he said.

The bank's total assets reached a record \$11.2bn at the end of September, up from \$9.9bn a year ago. Total loans increased from \$4.19bn to \$7.51bn.

Midlantic Bank has 312 offices located throughout New Jersey, and offices in Florida, New York, Pennsylvania, London, Hong Kong and the Cayman Islands.

Lucky Stores rejects bid by Edelman

By Our New York Staff

LUCKY STORES, the diversified Californian retailer, has rejected the \$38 a share takeover offer by Mr Asher B. Edelman, the New York investor.

The board was unanimous in deciding that the offer, which valued the group at about \$1.7bn, was inadequate. It has instructed the management to "explore various means of restructuring the company to realise shareholder values in the near term."

Last Thursday the board adjourned its meeting without responding to the offer, saying it was seeking additional information from its management and financial advisers. Mr Edelman made his offer to the group in a letter on September 24.

Western Pacific agrees Danaher takeover bid

BY DAVID BLACKWELL IN NEW YORK

WESTERN PACIFIC Industries, a New York-based producer of counting devices, fasteners and industrial precision components, yesterday abandoned plans for a \$155-a-share takeover by a group including its own managers.

Instead it has accepted an offer of \$163 a share from Danaher, a Washington-based manufacturing group controlled by brothers Steven and Mitchell Rales. The agreed bid will be made through a tender offer totalling \$378m to be launched later this week.

At mid-day yesterday Western Pacific shares were down 3 3/4% at \$162 1/2 on the New York Stock Exchange, and Danaher 3 1/4% at \$114.

The day before the buyout plan was announced on September 18, Western shares were trading at \$142 1/2.

Less than two weeks ago Danaher was considering an offer of at least \$185 a share, but the group said that the deterioration in some of Western Pacific's product lines had turned out to be greater than expected.

Western Pacific, which has had an erratic earnings record for the past five years, announced the management buyout plan on September 18.

The investment group was led by Gibbons, Green, van Amerongen, a New York investment banking firm. The group did not include Mr Howard A. Newman, Western Pacific's founder chairman and chief executive and a major stockholder.

Sharp to invest \$173m in Brazil

By Ann Charters in São Paulo

SHARP, one of Brazil's leading consumer electronics and information technology equipment groups, is to invest \$173m in the next four years to expand its market position domestically with new products and facilities and to broaden its micro-electronic component operations.

Sharp S/A Equipamentos Eletrônicos, the holding company, reported consolidated net earnings for the fiscal quarter to May 1986 of \$48.5, a real increase of 316 per cent over the previous 11 months before Brazil's new currency and economic adjustment measures took effect on March 1.

Earnings in the quarter were up in large measure because of an action of rights to a stock offering and gains realised on stock sales for S&I Information, an information technology company within the group and publicly quoted.

The division plans to invest \$53m over 30 months to expand capacity in its Manaus-based facility, Sharp do Brasil, to meet demand in the growing \$2bn domestic market. Sharp Corporation of Japan owns 16 per cent of non-voting shares in the Amazon company and is considering increasing its presence in Brazil.

Exports from Manaus are worth only \$10m a year at present but Mr Daucal expects Sharp to enter the US market in the near future.

The division recently acquired an 85 per cent stake in the Brazilian subsidiary of Facit for \$2m from Ericsson, the Swedish group. Facit manufactures electronic and electronic typewriters, calculators and copiers machines in Brazil. Sales this year are expected to be \$35m.

Two other divisions for information technology and micro-electronics are S&I Information and S&I Microelectronics, the latter about to go public. Mr Antoniou Carlos Rago Gil, director president of both companies, said the group would invest \$60m over the next four years to become the only industrial plant for the launch of digital integrated circuits in Latin America.

This announcement appears as a matter of record only.

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INTERNATIONAL COMPANIES and FINANCE

John Elliott reviews Pakistan's switch to Islamic banking 15 months on

No-interest banking boosts profits

FEW COMPLAINTS can be heard among businessmen and bankers in Pakistan's commercial capital of Karachi about the country's system of no-interest Islamic banking which has now been in full operation for nearly 15 months.

When the programme for a compulsory one-year switch-over from traditional western banking was announced in June 1984 as part of the general Islamisation policies of President Zia ul-Haq, it was greeted with a mixture of incredulity and apprehension by both foreign and Pakistani bankers. No other Muslim country had tried a similar change.

Now, when the possible introduction of strict Shariah courts on family law as part of the wider Islamisation policy is sparking opposition in the country, bankers in Karachi say that Islamic banking has ironically liberalised some aspects of a previously tightly controlled system and has even helped to boost foreign banks' profits.

The restrictions the bankers feared on their operations have not materialised, although paperwork, computerisation and administration has been complicated. Businessmen say they notice little, if any, difference in their dealings with the country's five nationalised and 17 foreign banks, whose combined deposits last year totalled Pakistan Rs 140bn (\$85bn).

A lot of political impetus has evaporated since President Zia ul-Haq, who personally pushed the reforms, handed over day-to-day running of the country last January to Mr Mohammed Khan Jurejo, the Prime Minister. "No politician in the Government is keen on Islamic

banking, though they will all pay lip service and as good Muslims cannot go against it," says one Pakistani banker.

Islamic fundamentalists are far from happy. But for the time being at least there is no sign of any political action on their complaints that the system is a sham, or at best cosmetic. They say that neither loans nor deposits involve a full sharing of all profits and all losses as required under Islamic partnership laws.

When the details of the system were announced, the State Bank of Pakistan published a list of about 12 approved modes of financing which basically provided for banks to levy either a service charge based on their administrative costs or a mark-up on the value of goods handled, or alternatively full bank charging of profit and loss sharing, which is known as Musharika. Interest—riba—unrelated to profits and losses was banned.

It uses the extra 6 per cent as a buffer should things go wrong because it cannot later do anything that looks like usury and impose extra penal charges or interest on interest. It can go to a special tribunal—though no bank has done so yet—to recoup bad debts. On balance, this system has increased the banks' freedom of manoeuvre in setting charges, and has also increased profits.

According to Mr M. R. Khan, chairman of the Pakistan Banking Council which has overseen the change, there have only been about 20 to 25 genuine cases of Musharika loans, which involves full bank charging of the profits and losses of the borrower. Most companies do not want to share profits and most banks do not want to risk sharing losses in businesses they cannot control. US banks cannot do Musharika because of US legal restraints.

There have been a few examples of Karza-e-Hasana where deserving poor obtain loans at no interest. Banks naturally do not promote such loans and the decline in government interest means there has been no political pressure.

Under the system of profit and loss-sharing for bank borrowing, banks fix an amount which they pay depositors every two months, according to a state bank profit and loss-based formula in which they take

their own costs into account. So they can adjust what they pay according to their costs and can keep their rates on the low side if expenses are heavy.

Generally the foreign banks have paid over 10 per cent, which is more than the domestic nationalised banks' 7 to 7½ per cent, and have increased their profits.

But the point to which fundamentalists object is a fall-back guarantee that the bank will repay a deposit, even if it is making losses.

One significant fund-raising innovation is the Mudaraba, a form of venture capital-oriented unit trust, in which a promoter finances a business, which attracts financial backers for industrial investment and financial operations. An example is leasing, one of the accepted Islamic modes. A handful of these have been set up totalling less than Pakistan Rs100m.

"We have finished up with a Muslim law which means you can do more, particularly in merchant banking, than you could before in what was a very strictly controlled banking environment," says a Pakistani banker.

"The system that has evolved is as good as you can expect, given that we can't go back to the days when, with no notion of commercial banking, traders funded caravans going out into the desert and then shared the profits and losses on their return."

Jusco and Uny lift midterm earnings

By Yoko Shibata in Tokyo

JUSCO AND UNY, Japan's fourth and sixth largest supermarket chains, have both reported steady gains in net profits for the half-year to the end of August, helped in part by the strength of the yen and falling interest rates.

Jusco's pre-tax profits advanced 14.2 per cent to ¥8,560m (\$62m), while net profits grew 11 per cent to ¥4,660m, on sales up by only a marginal 0.9 per cent to ¥367,460m. The sluggishness of sales was attributable to the general weakness of the economy, as well as bad summer weather which depressed sales of summer clothing and other seasonal goods, according to Jusco.

Gross margins rose the less improved by 0.5 per cent to 25.4 per cent as a result of lower prices for materials, reduced utility rates and the introduction of point of sales systems which cut inventory costs and raised the turnover rates of merchandise. Low interest rates, thanks in part to the dearer yen, helped improve the balance on financial items.

Pre-tax profits at Uny rose 5.2 per cent to ¥70m and net profits by 4 per cent to ¥3,770m on sales up 5 per cent to ¥209,510m. Lower interest rates and a relatively low cost of raising capital, thanks to the issue of warrant bonds were cited for the increase.

Mark-up system

In practice the banks have settled down to a system of mark-up, which sceptics say is interest by another name, for almost all lending, and a modified form of profit and loss sharing for deposits. There are two occasionally used modes called Musharika loans and Mudaraba funds.

Mark-up involves each bank fixing a rate of return of between 10 and 20 per cent for a loan made for a fixed period. Documents are signed for 20

Grindrod Unicorn seeks listing

BY JIM JONES IN JOHANNESBURG

GRINDROD Unicorn (Grincor), South Africa's second largest shipping and transport group and one of the country's largest family-controlled companies, is to obtain a stock exchange quotation in Johannesburg with an issue of 5m shares at R2.70 each. The general public is to be offered 2m shares and the remaining 3m will be preferentially placed with directors, employees and business associates.

After the flotation, Grincor will have 25.2m shares in issue of which 24 per cent will be held by the public, 62 per cent by the controlling families and 14 per cent by Southern Life, the life assurance arm of the Anglo American group.

The directors express little concern over the effect of trade sanctions on the operations of Unicorn Group, Grincor's 60 per cent-owned shipping arm, and

wholly-owned Grindrod Group the transport and ship services arm. They say that on a limited portion of the group's international trade revenue is threatened by sanctions.

The individual contributions of the two divisions are not disclosed nor are revenues from international operations, but Unicorn's international operations are to ports in other African countries, Israel, South America and the main islands in the Indian Ocean basin. The company owns 17 ships and currently charters another eight.

In 1985 consolidated turnover was R191.4m (\$98.6m), operating profits before tax and interest were R13.5m and pre-tax profits were R11.9m. The directors estimate that this year's turnover will be R245m and that pre-tax profits will increase to R18.7m. They expect

to pay an ordinary dividend of 16 cents from earnings of 33.4 cents a share this year.

Grincor has joined the lengthening list of privately-owned companies which have raised capital through the Johannesburg stock exchange (JSE) in the past 12 months or so. During the first half of this year newly-listed companies raised almost R750m through the stock exchange.

Buyers estimate that such companies will raise about R1.5bn through the equity market this year and expect the amount to rise well over R2bn next year. They say that the market for new listings will start of 1985 is a healthy development, particularly as JSE had had very few new listings in the preceding 15 years. Most of the recent new issues and that pre-tax profits will increase to R18.7m. They expect

Consolidated Metallurgical Industries Limited

(Registration No. 75/00230/06)
(Incorporated in the Republic of South Africa)

RIGHTS OFFER OF ORDINARY SHARES IN CMI TO ORDINARY MEMBERS OF JOHANNESBURG CONSOLIDATED INVESTMENT COMPANY, LIMITED ("JCI")

Further to the announcement on 24 September 1986 CMI announces that the Johannesburg Stock Exchange ("the JSE") has granted a listing for the renounceable (nil paid) letters of allocation ("letters") pursuant to the rights of preference of the members of JCI (other than those members whose addresses, as recorded in JCI's share registers are within the United States of America or Canada) of 737300 ordinary shares in CMI. These letters will be listed from Monday, 13 October 1986 to Wednesday, 5 November 1986, both days inclusive. A listing also has been granted by the JSE with effect from 6 November 1986 for 42,500 ordinary shares of 105 cents each in CMI.

It is anticipated that dealings in the letters will be allowed on the Stock Exchange in Johannesburg, 1986 to Wednesday, 5 November 1986, in accordance with the provisions of Rule 535.4.2 which permits dealings where the principal market is outside the United Kingdom and the Republic of Ireland.

Saleable dates 1986
Record date for the JCI rights offer — Thursday, 9 October
Last day for relevant members of JCI to register for the CMI rights offer — close of business on Thursday, 9 October
Publication of pre-listing statement Thursday, 9 October
Listing of the renounceable (nil paid) letters of allocation commences on the JSE Monday, 13 October
Offer opens in Johannesburg and London 07h30 Friday, 17 October
Last day for dealing in letters of allocation on the JSE Wednesday, 5 November
Last day for splitting letters of allocation — in London by 15h00 Wednesday, 5 November
— in Johannesburg by 14h30 Thursday, 6 November
Listing of the ordinary shares of CMI commences on the JSE Thursday, 6 November
Rights offer closes — last day for acceptances and payment to be made by: 14h30 in Johannesburg Friday, 7 November
15h00 in London Friday, 7 November
Last day for late postal acceptances, in Johannesburg only, by 14h30 Wednesday, 12 November
CMI share certificates posted on or before Wednesday, 19 November

All times given are local times in the Republic of South Africa and the United Kingdom, as appropriate.

Subject to the above, the CMI offer circular, which will include the renounceable (nil paid) letter of allocation and the CMI pre-listing statement will be posted to members of JCI on or before Friday, 17 October 1986.

In accordance with instructions to be advertised in certain leading newspapers in London and Paris, holders of JCI share warrants to bearer may exercise a listing and acceptance form by lodging coupon No. 122 with the London Registrars, Hill Samuel Registrars Limited, 6 Greencoat Place, London SW1P 1PL, Johannesburg 6 October 1986.

NZ fibreboard plant comes on stream

BY DAI HAYWARD IN WELLINGTON

A NZ\$45m (US\$22.7m) medium-density fibreboard plant, a joint venture between Sumitomo Forestry of Japan, the Newmans group and Odling of NZ has been brought on stream.

Of the 90,000 cubic metre production 30 per cent will be exported to Japan and another 40 per cent to Australia and other Asian countries.

The plant is one of the most

technically sophisticated in the world. Expert earnings are estimated at NZ\$45m a year. The 90,000 square metre plant was constructed in a world record time of only 19 months compared with 25 or 30 months normally required for a plant of this type. During construction, not a single day was lost through industrial disputes — a remarkable achievement in the

current New Zealand industrial record.

Co-incident with the commissioning of the new plant, was the vote by locked out pulp and paper workers at the giant Kawerau newsprint plant to return to work. The plant was shutdown by its owners Fletcher Challenge 11 weeks ago following protracted industrial unrest.

Freegold extends exploration

BY KENNETH MARSTON, MINING EDITOR

FURTHER EXPLORATION of the ground to the east and south-east of the South African Free State is to be carried out over three years at a cost of R11m (\$4.5m). If results warrant it, the ground will be mined by Freegold.

The company to be formed to hold rights over the area will be owned as to: Freegold 57 per cent; Dulker Exploration 25.8 per cent; Anglo American Corporation group 15.6 per cent; Anglovaal and Middlewits 1.6 per cent.

THE FINANCIAL TIMES
Is proposing to publish a survey on
MARKET RESEARCH
Publication date: 5 November 1986

1. Introduction
2. Who's Who in Market Research
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Information on advertising can be obtained from
Nina Jasinski, Telephone 01-243 8000 ext 4611

Publication date subject to change at the discretion of the editor

Dart and Kraft Financial Corporation
10¼% Series A Notes due 1996
Warrants to purchase 10¼% Series B Notes due 1996

In accordance with the terms and conditions of the above Notes, notice is hereby given that, effective as of the close of business on 16th October, 1986, Manufacturers Hanover Bank Belgium S.A./N.V. of 13, Rue de Ligne, B-1000, Brussels will cease to act as, and effective as of 16th October, 1986, the office of Kredietbank S.A., at 7, Arenbergstraat, 1000, Brussels, has been appointed as, a Paying Agent for such Notes.

In accordance with the terms and conditions of the above warrants, notice is hereby given that, effective as of the close of business on 15th October, 1986, Manufacturers Hanover Bank/Belgium S.A./N.V. of 13, Rue de Ligne, 1000, Brussels, will cease to act as, and effective as of 16th October, 1986, the office of Kredietbank S.A., at 7, Arenbergstraat, 1000, Brussels, has been appointed as, warrant agent for such warrants.

Manufacturers Hanover Limited
Fiscal Agent/Principal Paying Agent

£100,000,000

BBB⁺
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BUILDING SOCIETY

Floating Rate Notes Due 1998

Interest Rate	11½% per annum
Interest Period	3rd October 1986 5th January 1987
Interest Amount per £10,000 Note due 5th January 1987	£286.51

Credit Suisse First Boston Limited
Agent Bank

U.S. \$200,000,000

Hydro-Quebec

Floating Rate Notes, Series FV,
Due May 2005

Interest Period	1st May 1986 3rd November 1986
Interest Amount per U.S.\$10,000 Note due 3rd November 1986	U.S.\$336.10

Credit Suisse First Boston Limited
Agent Bank

PANTREM & C. S.P.A.
ECU 8,000,000
medium term loan

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London Branch
Licensed Deposit Taker

in association with:
Istituto Bancario San Paolo di Torino
London Branch

Itab Group Limited

Italian International Bank Pic
(Member del Paschi di Siena Banking Group)

Agent Bank:
Banco di Santo Spirito
London Branch
Licensed Deposit Taker

C.I.R. International S.A.

NOTICE TO THE HOLDERS OF
ECU 85,000,000
Guaranteed 4½% Convertible Bonds
Due 1995
("the Bonds")

Unconditionally guaranteed by and convertible into non-convertible Savings Shares of

Compagnie Industriale Rimite S.p.A.
("the Guarantor")

Following the Capitalisation Issue and the Rights Issue by the Guarantor, the Subscription Price of the Bonds has been adjusted pursuant to Clause 10 (A) of the Trust Deed dated 25th October, 1985 constituting the Bonds, from Lire 3,930 per share to Lire 2,880 per share.

The New Subscription Price of Lire 2,880 per share applies to any conversions of the Bonds made on or after 3rd October, 1986.

Bonds
New Iss

INTERNATIONAL CAPITAL MARKETS AND COMPANIES

Bonds trade firmer but new issue activity muted

BY OUR EUROMARKETS STAFF

MOST SECTORS of the Euro-bond market ended yesterday's trading slightly firmer than last Friday's close, with the Euro-dollar sector underpinned by last week's sluggish US economic data, which rekindled hopes that the US authorities would lower interest rates.

However, continuing uncertainty over the direction of the dollar, especially as Opec's meeting on oil production quotas opened in Geneva, kept regional investors on the sidelines, and new issuing activity was muted.

London subsidiaries of Swiss banks were active, however, issuing bonds which should have strong appeal to European investors.

Swiss Bank Corporation International, as sole manager, launched a \$100m four-year bond for its parent Swiss Bank Corporation. The coupon was set at 7 per cent and issue price at 101 1/2.

Meanwhile Union Bank of Switzerland (Securities) launched a \$100m five-year bond for Raebol Finance, a subsidiary of the Belgian savings bank. The deal was priced at 101 1/2 with a 7 1/2 per cent coupon to provide a yield margin at issue of about 1 percentage

INTERNATIONAL BONDS

warrant exercise price was set at Y697 per share, a 2 1/2 per cent premium over yesterday's closing price in Tokyo. The foreign exchange rate was set at Y158.25 to the dollar.

Daikin Europe launched a ¥10bn high coupon/high issue price deal for Nissan Motor. Such issues are designed to appeal to Japanese investors seeking a high current yield.

The FRN carries warrants exercisable for one year into a "bull" FRN dominated in HK dollars. This five-year note will pay interest at 15.15 per cent less three-month Hong Kong interbank offered rate (Hibor), so that interest payments will rise if Hibor declines.

Amex launches stock index option

By Roderick Oram in New York

THE AMERICAN Stock Exchange (Amex) has launched a stock index option consisting of the 75 most widely held US shares designed primarily to help institutional investors hedge their portfolios.

Amex chooses the most popular shares in value terms from reports on portfolios investment managers must file with the Securities and Exchange Commission each quarter.

The exchange, which has studied portfolio reports from the first quarter of 1983, expects to replace no more than three shares in the index each quarter as stocks fall in and out of favour with institutional investors.

In a further development, Amex's existing index option, the 20-share Amex Index, should start trading on the European Options Exchange in Amsterdam within the next few months.

IPMA urged to act on disclosure

BY CLARE PEARSON

THE INTERNATIONAL Primary Markets Association (IPMA), the self-regulatory organisation for the Eurobond primary market, is under increasing pressure to tighten up disclosure requirements for new issues.

Market participants are pressing for the association to recommend that lead managers give firm indications of underwriting allocations after inviting co-managers into a fixed-price deal sooner than is current market practice.

At the moment lead-managers provide allocation indications only after the association's board at the end of the month.

under no obligation to "go firm" on the total amounts until allotment telexes are sent out, which may be a fortnight after the initial invitation telephone call.

Meanwhile underwriters can find themselves unable to offset the market risk on their commitments, because they have no idea what size they are.

The market practices committee is also pressing for lead-managers to reveal at launch when a Eurobond is a private placement rather than a public, traceable deal.

Japan's banks try to enter broking overseas

BY YOKO SHIBATA IN TOKYO

JAPANESE COMMERCIAL banks are putting in a renewed bid for brokerage licences in overseas financial centres. During the course of their efforts they will be in the unusual position of supporting the ambitions of the securities houses to expand their interests in banking.

A meeting of the 12 biggest commercial banks, other than the Bank of Tokyo, decided over the weekend that the banks should be placed on an equal footing with the securities houses, should the securities houses' newly created overseas banking subsidiaries succeed in their efforts to set up branches of their own in Japan.

securities subsidiaries, describing the proposal as "too sensational". Last weekend's meeting appears to have produced a strategy by the banks to circumvent this attitude on the part of the MoF.

They will also study closely the US banks' attempts to move towards securities business within the Glass-Steagall Act, on which Article 63 of Japan's own Securities Transaction Law is closely modelled.

UMW suffers first-half setback

BY OUR SINGAPORE STAFF

UMW, THE Singapore car-assembler and heavy equipment concern, suffered a first-half setback in the first six months of 27.4m ringgit (\$10.4m) reported AP-103.

ringgit from 15.8m ringgit a year ago, it was down from the 46.8m ringgit loss recorded in the second half of 1985. UMW said turnover fell 30.5 per cent to 346.2m ringgit in the half, which it blamed on continued weakening in the Malaysian economy, particularly

in the timber, construction and motor vehicle sectors. The company said that 27 per cent of turnover came from heavy equipment, other equipment and support services, while the remaining 73 per cent came from its Toyota distribution and assembly business.

NZ stock market ranked top performer

By Dal Hayward in Wellington

NEW ZEALAND'S stock market has been the top performer in the world over the past decade. Its rate of return to investors was higher than the UK and double that of the US.

The average rate of return over the decade for the NZ market was 24.4 per cent. Next best was the UK at 25.1 per cent. The US averaged 14.3 per cent.

The figures cover both capital growth and dividend reinvestment and were based on local currencies.

Bank chief warns over financial innovation

BY JOHN WICKS IN LUCERNE

MR PIERRE LANGUETIN, president of the Swiss National Bank, has called for a period of consolidation in connection with new capital-market instruments.

Addressing the Swiss Bankers' Day in Lucerne yesterday, he expressed concern at the speed and scope of financial innovation over the past few years.

"dramatic consequences" could result from "unbridled financial innovation". "Even in a competitive world, it is the duty of financial intermediaries to act prudently and protect their clients from what might be unsuspected risks."

The national bank believed that under normal economic conditions its monetary policy could be successful only if money and financial markets were allowed to find equilibrium freely and spontaneously.

FT INTERNATIONAL BOND SERVICE

Listed are the 200 latest international bonds for which there is an adequate secondary market.

Table with columns for Issuer, Issue, Maturity, Coupon, and Price. Includes sections for US BONDS, EUROPEAN BONDS, and STRAIGHT BONDS.

Teijin acquires Hercules stake in joint venture

TEIJIN, JAPAN'S biggest polyester producer, has taken over from Hercules of the US the American company's share in Teijin Hercules Chemical Company, a joint venture between the two groups, writes Kyodo in Tokyo.

Teijin Hercules was only set up in 1983 and was 51 per cent owned by Teijin and 49 per cent owned by Hercules. The joint venture has been producing dimethyl terephthalate (DMT), a material used in the manufacture of polyester, at an annual rate of 270,000 tonnes, all of which was sold to Teijin.

Julius Strauss dies at 75

By Alexander Nicol

MR JULIUS STRAUSS, for many years a prominent figure in the international capital markets and the man said to have coined the word "Eurobond", has died aged 75.

Advertisement for GMAC 1986 Euro-A Grantor Trust. Features text: "U.S. \$276,330,000", "7 1/4% Asset Backed Certificates, Series 1986 EURO-A", and logos for General Motors Acceptance Corporation, Salomon Brothers, Credit Suisse, Merrill Lynch, etc.

The prices over the past week were supplied by: Amsterdam: ABN; Luxembourg: CIB; London: Citicorp; Frankfurt: Dresdner Bank; Geneva: CIB; Hong Kong: Citicorp; New York: Citicorp; Paris: Citicorp; Singapore: Citicorp; Tokyo: Citicorp.

INTL. COMPANIES and FINANCE

Telefonica seeks to sell stake in cable venture

BY DAVID WHITE IN MADRID

SPAIN'S semi-state Telefonica group said yesterday it was seeking to sell its 49 per cent stake in a joint cable-making venture - Cables de Comunicaciones - with General Cable of the US.

The move is part of a new policy at the Spanish telephone monopoly towards its industrial holdings of continuing to participate in new ventures while giving off interests in well-established companies.

Last month, Telefonica confirmed it was holding talks with L. M. Ericsson of Sweden on pulling out of Intelsat, a company producing telephone exchanges and other equipment, in which the Spanish partner holds 49 per cent.

Both Intelsat and Cables de Comunicaciones were set up in 1970 under a policy to create second sources of supply for Telefonica alongside the TTT subsidiary Standard Electrica.

Telefonica also wants to withdraw as a direct minority shareholder in Standard Electrica as part of its plans to participate in the new European telecommunications venture being set up between CGE of France and ITT.

Cables de Comunicaciones, which is based in Barcelona with a factory in Saragossa, has annual sales of Pta 6m (\$45m).

Shares in a public sector energy company based in Majorca are to be offered for sale to private shareholders in what Mr Claudio Aranzadi, chairman of the INI state holding concern, described as a pilot project for the wide-ranging group.

This form of partial privatisation may later be extended to other INI subsidiaries. However, Mr Aranzadi said no further plans had been made.

As a result of the Pta 8.5m (\$62m) operation, the state's partici-

pation in Ges Electricidad, held through the Endesa Electricity Company, which in turn is almost entirely owned by INI, is to be reduced from 94 per cent to 56 per cent.

The 38 per cent shareholding is being offered at 225 per cent of its nominal value of Pta 3.7m with the minimum investment set at Pta 50,000 and the maximum at Pta 50m. The offer remains open until October 31.

Gesa, which supplies electricity and gas in Spain's Balearic Islands, had sales last year of Pta 23.8m, a payroll of 1,760 and net profits of Pta 952m.

With a 6 per cent private shareholding, it is quoted on the Madrid stock exchange but is due to be quoted on all four Spanish exchanges. Of the 4.3m shares on offer 300,000 are reserved for employees of Endesa.

Delhaize turnover improves by 3.4%

By Our Financial Staff

DELHAIZE, the Belgian retailer, said turnover in Belgium, excluding petrol stations, rose 3.4 per cent to Bfr 38.9bn (\$942m) in the first eight months of 1986, from Bfr 37.8bn in the corresponding 1985 period.

The revenue increase was below forecasts. Revenue from petrol stations was not included because Delhaize last year sold 38 stations to the Benelux subsidiary of Mobil Oil of the US.

Delhaize said operating results matched those of the first eight months of 1985. The company declined to disclose details of its results but gave indications about its activities in the US.

The US holding company, Delhaize the Lion America, completed the sale at the beginning of September of its loss-making subsidiary, Food Giant, to Super Valu Stores, a wholesaler with some retail outlets. As part of the agreement, the Cub Foods division of Food Giant has been spun off into a new company, Super Discount Markets, 80 per cent owned by Delhaize the Lion America and 20 per cent by Super Valu.

Cub Foods operates food stores in Atlanta, Georgia. Two Cub Foods stores have already been opened and a third will be opened later this month.

Delhaize's other US subsidiary, Food Lion, increased net earnings in the first 38 weeks of 1986 to \$22.4m.

Hero to buy Unilever fruit products unit

By John Weeks in Zurich

HERO Conserven Lenzburg, the Swiss food processing concern, is to acquire the Dutch company Koninklijke Maatschappij de Betuwe.

De Betuwe, a Unilever subsidiary, is a manufacturer of jam, fruit juices, dessert sauces and other fruit products.

The planned takeover is seen as strengthening the position of Hero's existing Dutch subsidiary and enabling the Swiss group to expand its sales within the European Community. Hero Nederland also produces jams, preserves and fruit drinks.

The transaction will mean that Hero will have a workforce of almost 500 in the Netherlands. De Betuwe employs 140 and Hero Nederland 340 at its Breda operation.

Both the Hero and De Betuwe trademarks will continue to exist on the Dutch market. De Betuwe's sales in Germany and Belgium will still be carried out by Unilever.

Lauritzen predicts loss

BY HILARY BARNES IN COPENHAGEN

LAURITZEN, the Danish shipping, shipbuilding and industrial group, predicts a substantially larger loss this year than the Dkr 150m (\$7.3m) loss of 1985. The group's first-half statement said earnings were "modest."

The group has suffered from falling activity in offshore business and several of its drilling rigs and production vessels are unemployed. Its three Danish shipyards will also make a loss as a result of slack orders, while the Atlas food process-

ing machinery company is also expected to show an unsatisfactory result.

However, the DEFS shipping company was ahead of the budget in the half year and expects a positive development for the remainder of 1986.

The interim statement said group equity capital would show a decline at the end of the year. Equity at the end of last year was Dkr 1.38m on a total balance-sheet of Dkr 9.8m.

Zinc price hits Vieille

BY QUENTIN PEEL IN BRUSSELS

VIEILLE-MONTAGNE, the Belgian zinc mining and processing company, incurred a loss of Bfr 481m (\$11.8m) in the first half of the year compared with profits of Bfr 265m in the same period of 1985.

The company blamed the sharp fall in the price of zinc and a fall in the value of the dollar.

Turnover in the six months fell from Bfr 10.7m in 1985 to Bfr 7.5m this year.

Vieille-Montagne, controlled by Union Miniere, the mining arm of Société Générale de Belgique, expects a recovery in the second half of the year because of a gradual recovery in the Belgian franc-denominated zinc price. A major restructuring exercise is beginning to reduce production costs.

ENERGY RESOURCES & SERVICES INCORPORATED
 Net Asset Value
 30th September 1986
\$7.68
 per share (unaudited)

STOCKHOLDERS FAR EAST INVESTMENT INC.
 Net Asset Value
 30th September 1986
\$4.68
 per share (unaudited)

All of these Securities have been sold. This announcement appears as a matter of record only.

\$750,000,000

System Energy Resources, Inc.

(Formerly Middle South Energy, Inc.)

\$300,000,000 First Mortgage Bonds, 9 7/8% Series Due 1991

\$250,000,000 First Mortgage Bonds, 10 1/2% Series Due 1996

\$200,000,000 First Mortgage Bonds, 11 1/8% Series Due 2016

Interest payable March 1 and September 1

MORGAN STANLEY & CO.
 Incorporated

THE FIRST BOSTON CORPORATION

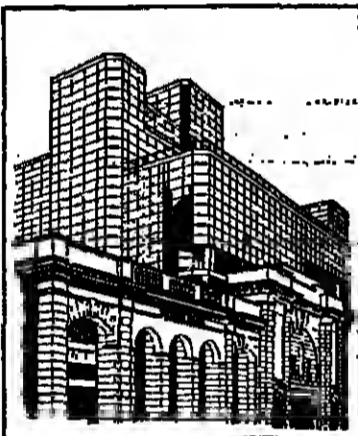
MERRILL LYNCH CAPITAL MARKETS

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September 24, 1986

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FACSIMILE	222-7062	MONEY MARKETS	721-3270	NON-DOLLAR SALES	721-3145
CAPITAL MARKET SERVICES	721-3665	FOREIGN EXCHANGE	721-3270	SETTLEMENTS	721-2015
CORPORATION COVERAGE	721-3165	GILT SALES	721-3282	SYNDICATE	
CORPORATE FINANCE	721-3855	GOVERNMENT SALES	721-3110	FIXED INCOME	721-3625
	721-3864	FIXED INCOME SALES	721-3145	EQUITY	721-3500

These securities have been sold outside the United States of America and Japan. This announcement appears as a matter of record only.

NEW ISSUE

3rd October, 1986

DnC

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(Incorporated in the Kingdom of Norway with limited liability)

¥20,000,000,000 8 1/2% Notes Due 1991

Issue Price 114 1/4 per cent.

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Daiwa Bank (Capital Management) Limited

NEW ISSUE

All these securities having been sold, this announcement appears as a matter of record only.

September, 1986

Koyo

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U.S. \$70,000,000

3 1/2 PER CENT. GUARANTEED NOTES DUE 1991 WITH WARRANTS TO SUBSCRIBE FOR SHARES OF COMMON STOCK OF KOYO SEIKO CO., LTD.

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FINANCIAL TIMES SURVEY

Tuesday October 7 1986

Metals

Recession has squeezed the metals industry hard, forcing producers to cut costs sharply. For the stalwart it is a case of hanging on until prices start to rise again

A time for consolidation

BY STEFAN WAGSTYL

NEWMONT MINING, one of the oldest and grandest US copper companies, last month virtually turned its back on the industry.

It announced plans to give up 80 per cent of Magma Copper its Arizona subsidiary, in a free hand-out of shares to its shareholders. Once the jewel in Newmont's crown, Magma had become too great a burden for the group to keep.

The proposal is only the latest sign of the persistence and depth of the recession which has gripped the metals industry since prices tumbled from their all-time peaks in 1980-81.

For many base metals and mining companies and for metal traders, the 1980s has been a decade of depression. The initial belief that the fall in prices was only a temporary reaction to economic recession in industrialised countries in 1981-82 has given way to a widely-held conviction that it could be 1990 if not later before prices recover significantly.

Mr Allen Born, chairman and chief executive of Amax, says: "We have to hang on until things pick up." The US molybdenum company, which was at the forefront of the headlong expansion of the industry in the 1970s, is now one of the leaders in cutting costs and output in order to survive.

To be sure, North American companies operating in a high-wage, high-cost economy have been hit harder by the recession than producers in developing countries. In some extent the cutbacks in the mining industry in industrialised countries have been offset by expansion elsewhere. But that is not the whole story. There is an excess of production capacity

over consumption in most metals which affects everybody.

The crisis in the tin market has been only the most dramatic illustration of producers' inability to control prices. The fundamental cause of the International Tin Council's collapse was the overwhelming pressure of too much supply in the tin market feeding too little demand.

Even low-cost producers, who have avoided plunging into loss, are not making the profits in real terms that they did in the 1970s. The question that base metal companies are asking is how long will they have to wait for the market to improve? Or have prices stabilised at a level from which significant long-term movements should not be expected?

There are powerful arguments in favour of seeing the 1970s as an aberration—a decade in which unrealistically high expectations of economic growth, both in industrialised and in developing countries, sent the prices of metals and other commodities shooting ahead. Inflation fuelled the market encouraging metal users and investors to build up stocks in the anticipation of further price increases. The two oil price shocks seemed to reinforce the argument that the

world was threatened with shortages of raw materials.

An International Monetary Fund study, published earlier this year, shows that the long-term trend in real commodity prices in US dollar terms is down, albeit slightly. In metals the declines are more marked: from 1960 to 1985 the price of copper in real US dollar terms fell 38 per cent and that of aluminium fell by 25 per cent. Zinc prices rose by just 10 per cent.

In this context, 1980-85 looks like a period when prices have dramatically adjusted themselves to the weakening of the forces which powered the market in the 1970s—a decline in expectations of economic growth and of inflation. Expected shortages of raw materials have simply not materialised.

The decline in dollar prices was aggravated in the early 1980s by the sharp appreciation of the dollar on foreign exchange markets. In terms of other currencies the decline in metals was less rapid but no less persistent.

But there are signs that the worst may be over. That if base metal prices do not increase they should decline further. Cuts in stockholdings seem to have slowed—for one thing speculative investors have

largely abandoned the market, for another industrial companies, anxious to reduce inventories at a time of high real interest rates, have also probably gone as far as they can.

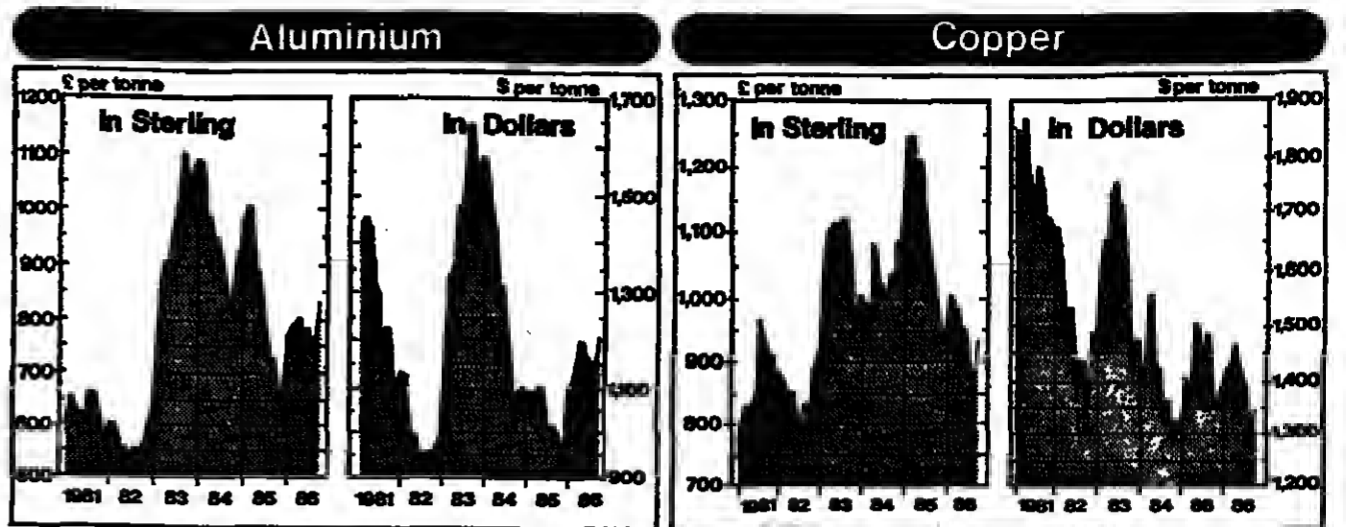
Equally, metals consumption in industrialised countries has steadied and may grow, albeit very modestly. Producers have learnt to live with the fact that the growth in metals consumption in industrialised economies will tend to fall short of economic growth for three reasons.

Firstly, advanced economies are growing fastest in sectors like high technology which do not need as much metal as traditional sectors. Secondly, processing improvements mean that metal-consuming industries use less material than in the past—plate has got thinner, for example. Finally, other materials have been substituted for metals.

Mr Heinz Schimmelbusch, a director of Metallgesellschaft, says that his company's economic studies show that all these trends are slowing down—that most of the available savings in metal consumption in industrialised economies have already been made.

More importantly, there are prospects of some recovery in demand in developing countries. Producers have learnt to their cost not to bank on spectacular growth in these nations, especially if they have run up large international debts. Their economic progress can be very uncertain.

For example, China which increased imports very sharply in 1985 and accounted for over 5 per cent of western world output in some metals, has this



Metal mines, like the copper mine above, are faced with cost-cutting operations because of sluggish demand and excess capacity

year cut back hard to save foreign exchange. But the economic recovery of Brazil gives ground for some optimism about the Third World market.

However, with modest increases likely in consumption, the crucial question for the metals market concerns supply. Closures and cuts earlier in the decade included some of the largest mines and smelters, among them Bingham Canyon, near Salt Lake City, the world's biggest copper mine. As a result current production has been brought broadly into line with consumption. Indeed, sometimes almost-forgotten fears of temporary shortages re-emerge. For example, zinc prices have risen strongly this year as a result of labour troubles at the Broken Hill mine, in New South Wales, Australia.

The difficulty lies in judging how much capacity has been

closed down permanently and how much might be re-opened if prices recover. Kennecott's Bingham Canyon is in the early stages of a \$400m cost-cutting modernisation. British Petroleum, which owns Sohio, Kennecott's parent, recently tightened its grip on its US businesses—it may well take the chance to review the Bingham Canyon scheme.

Shearson Lehman Brothers, the metal brokers, estimated that capacity utilisation in the copper industry was running at 80 per cent in 1985 in western countries. For aluminium the figure was 83 per cent, for nickel 76 per cent, and for tin 71 per cent. Only in zinc—89 per cent utilisation—was capacity close to being fully stretched, said Shearson.

Moreover, new capacity is steadily being opened up. According to Rio Tinto-Zinc

western world copper mine capacity is likely to increase by 685,000 tonnes net by the end of 1989 to 8.96m. And that does not include Escondido, the rich Chilean deposit in which RTZ has a stake and which could come on stream in 1990.

Striking a balance between openings and closures, Metals and Minerals Research Services, a London research company, recently forecast that base metal prices should rise by 20 to 25 per cent in real terms by the end of the decade. Although prices would still be some 25 per cent below their 1980 peak, the increase should make a substantial difference to hard-pressed metals companies, said MRS.

Other forecasters are less positive. They say that apart from the continuing excess of capacity, the substantial steps producers have taken to cut costs mean that more metal is

available at lower prices. The North American companies have led the way—Inco in nickel, for example, and Phelps Dodge in copper—but other producers have followed.

Moreover, as mines smelters and refineries continue to close, however slowly, in high-cost industrialised economies they are being replaced mainly by new operators in low-cost countries. Thus, there may be no immediate prospect of sustained price increases. But the industry is consolidating in a more flexible and more efficient base than it occupied five years ago. Producers look in a better position to profit in the 1990s than they have done so far in the 1980s.

Mr Norman Fussell, a director of the hard-pressed Australian mining group MIM Holdings, said last month: "Ours is a long-term business. We are not in it for tomorrow, but 10, 20 or 30 years out."

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METALS 2

London Metal Exchange

Trading reform debate goes on

MR JACQUES LION, chairman of the board of the London Metal Exchange, would have dearly loved to give the market's annual gathering of traders and clients this week details of the future form of his exchange.



Trading floor of the London Metal Exchange

Most obviously, there are the pressures created by the tin crisis, after the default of the International Tin Council last October with debts of \$900m to banks and metal brokers. Apart from the financial losses, brokers have to cope with a number of court actions which hang over individual companies and the exchange authorities.

Comex

Investors stay away

OFFICIALS AT New York's Comex, by far the largest US base metals terminal market, however, in the January-August period, copper traded 1.88m contracts (down 22 per cent on a year ago), while aluminium trades totalled just 47,361 (down 17 per cent).

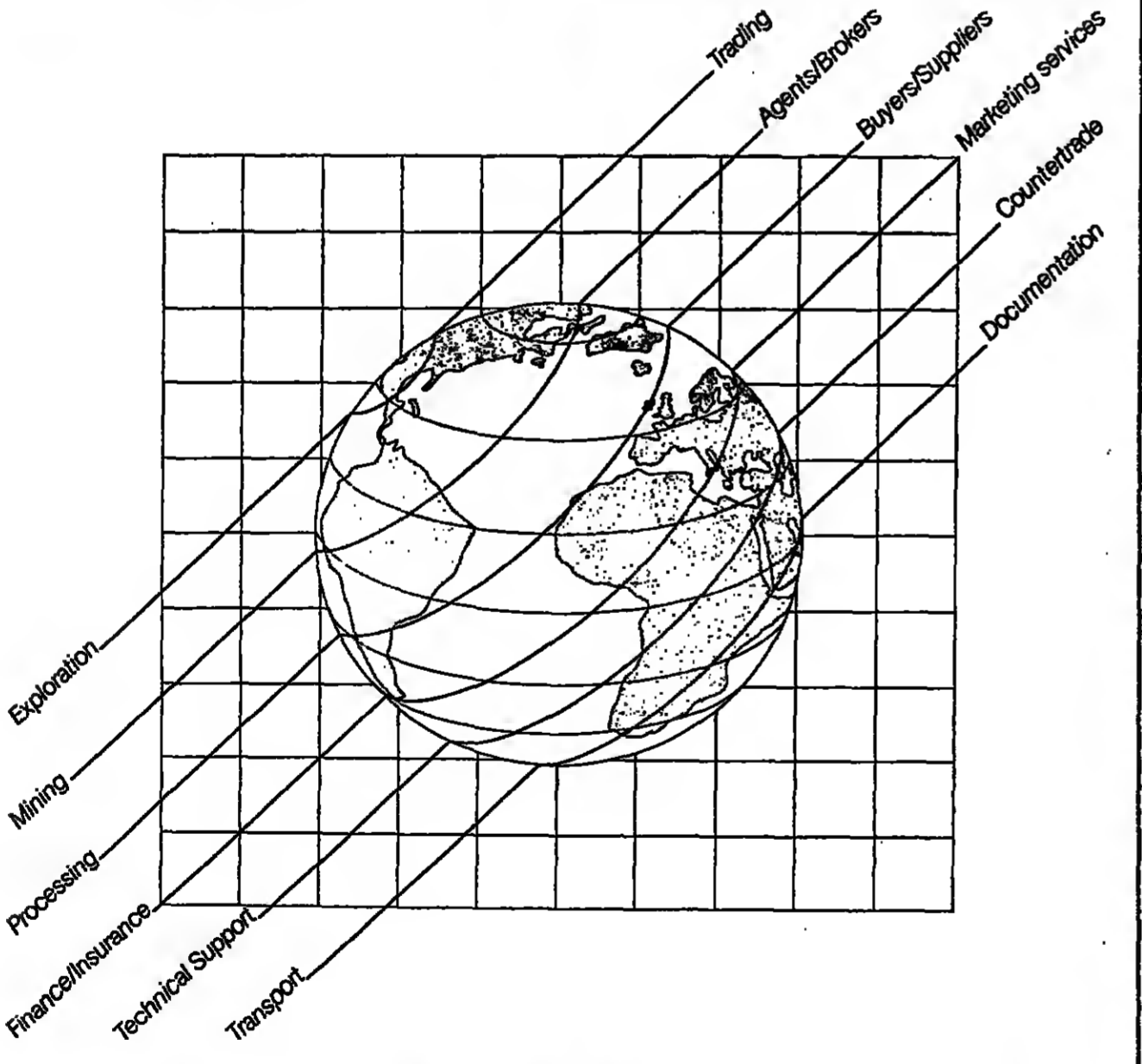
Chicago Board of Trade, the world's largest futures exchange. By end-July, aggregate volume had struggled to just 1,387 contracts—of which 786 were traded on the launch date itself. Lately the contract has been all but traded.

Volume in both copper and aluminium futures is down substantially on year ago levels. However, in the January-August period, copper traded 1.88m contracts (down 22 per cent on a year ago), while aluminium trades totalled just 47,361 (down 17 per cent).

Observers have blamed the contract's failure to catch on, despite its thoughtful and innovative specification, on the difficulty of building satisfactory liquidity during a period of unfavourable underlying market conditions.

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Aluminium

Output 'deficit' likely to continue

"I WOULD not have the remotest idea what to tell you," Mr Charles Parry, chairman of the board and chief executive officer at Alcoa, the biggest aluminium company in the US, is disarmingly frank when asked about the likely price of aluminium next year.

World production of primary aluminium (thousand tonnes) Table with columns for Year (1971, 1981, 1985) and rows for North America, Latin America, Western Europe, Asia, Africa, Oceania, Socialist countries, World total.

Output continues to be below consumption but one of the key elements in the supply-price equation is that stocks of aluminium have been steadily eaten into. Aluminium producers and fabricators and the people to whom they supply have all become used to managing lower stocks than they would have been used to manage some years ago.

Much of the rest of the industry is not so sure, pointing to the uncertainty of price and consumption. Two trends will definitely continue however. Older production capacity will continue to be shut down as other capacity comes on line.

Currently, miners are back at work, pending a ruling by the New South Wales Industrial Commission. However, if the NSWIC's eventual recommendations regarding work practices do not meet with union approval, further industrial action is a management-union meeting set for October 22.

Zinc and Lead

Stoppages give a boost to prices

ON THE FACE of it, the world's lead and zinc producers should be well pleased with market developments during the year so far.

Lead's ailing fortunes, as the year has progressed, have been the major factor. As a result of the strike there, production has been severely reduced at Australia's only primary lead smelter, the big 250,000 tonnes per year capacity Port Pirie facility.

On the London Metal Exchange, cash zinc prices are firing with the \$900 a tonne mark for high grade material, having risen as high as 47 cents a pound from 30 to 35 cents in February.

US lead production is also running well below year-earlier levels at 263,500 short tons in the January-August period, 92,000 short tons below the corresponding 1985 figure.

Analysts, such as Mr Stephen Briggs, of Shearson Lehman, have consistently warned their 1986 supply demand deficit forecasts during the course of the year. Mr Briggs is now expecting the deficit to total 140,000 tonnes.

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METALS 3

Copper

Torpor in the marketplace

THE WORLD'S copper producers are gritting their teeth and preparing for a long period of depressed prices, which only the fittest will survive. In the past year or so, forecast after optimistic forecast for increasing demand, which might eventually lead to something resembling a significant price recovery, has had to be scaled down back or put off. The traditional cycle of price booms and slumps appears to have been distorted almost beyond recognition as the slumps get longer and the booms more hesitant. A metal which is normally acutely sensitive to oscillations in the business cycle, because of its importance to industries like electronics, construction and transport, has largely failed to react to the steady economic expansion in industrialised countries since 1983. Even the production short-fall of 1984 and 1985 have done nothing to lift the mood, since industry has learned to live with unusually low levels of stocks. Instead, the pressure has been unrelentingly downward as mining companies have slashed costs in order to stay in business. Many analysts and experts believe the going is not going to get any easier until well into the 1990s; preparations are

under way for the exploitation of huge new copper deposits in Chile and elsewhere which will swell world supplies at ever lower costs. Although prices have been sluggish for some time, the full extent of the gloom has paradoxically only emerged in the past 18 months or so. Conventional wisdom argued during the early 1980s that the low level of dollar prices was partly a reflection on the abnormal strength of the dollar; when the dollar fell, prices would rebound. The dollar was topped of its perch early last year and still prices have stayed in the doldrums. As far as the supply-demand equation is concerned, there were tentative hopes for an improvement in 1984, when—after several years of chronic overcapacity in the industry—consumption actually exceeded production by a considerable margin and world stocks were reduced by nearly 30 per cent. Production of refined copper in Japan dropped sharply as concentrations were redirected to new smelters in developing countries. Consumption rose particularly strongly in the US, as economic recovery was felt in the construction industry and in sales of cars and electrical equipment. But that, too, turned out to be a false dawn. World copper consumption weakened in 1985, as economic growth slackened

off in the US and Japan. Last year, according to the International Monetary Fund, copper prices averaged 93.6 cents per pound, a rise of only 3 per cent from their level in 1984 and only two thirds of that recorded in 1980 in nominal terms. The fact is that the strength of the US currency for most of the early 1980s had multiple distorting effects on the copper market, as in other metals: it encouraged producers other than in America to expand and consumers either to reduce the amount of metal they used or find alternative materials. It thus spurred on the rise of low-cost producers like Chile, which overtook the US as the world's largest copper mining country in 1982, and encouraged substitution by other metals like aluminium in vehicle radiators and synthetic materials such as optical fibres in the telecommunications business. Although these developments may have run their course for the moment, there is not much scope for going back on them either for producers or consumers. Indeed, the pressure on mining companies to stay cost-competitive is as strong as ever—as demonstrated this summer by labour settlements in the US copper industry. Swiftly, and with only subdued grumbles, the labour unions agreed to swinging wage reductions.

Andrew Gowers

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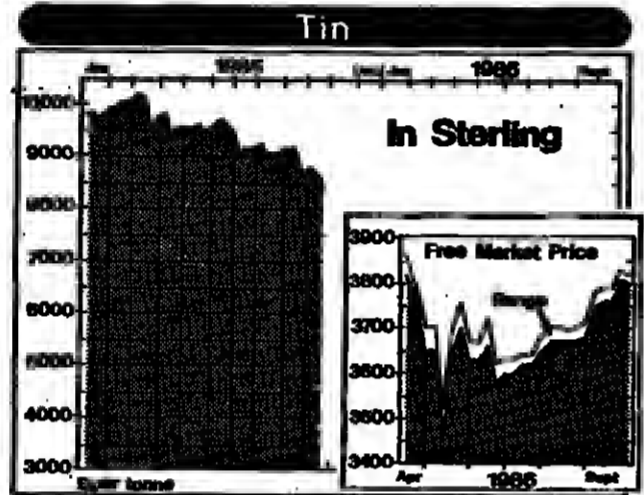
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Tin

Traumatic transition

IN THE final months before the tin crisis erupted last year Mr Pieter de Koning warned the International Tin Council that if it stepped supporting the market tin price could fall below \$4,000 a tonne. With tin above \$8,500 a tonne, many delegates thought the buffer stock manager must be bluffing in an attempt to persuade them to replenish his funds; but Mr de Koning's forecast has proved uncannily accurate—a year after the council ran out of money and defaulted on debts of \$200m, tin is trading at just under \$3,800 a tonne. The industry is struggling to adjust to the price collapse in a market awash with the huge stocks built up by the tin cartel. Production is falling as mines close and miners are put out of work. Governments are choosing to bail out part of the industry to mitigate the economic, social and political consequences of the end of nearly 50 years of price support pacts. Whatever scepticism Mr de Koning's remarks produced last year few forecasters now doubt that the outlook for tin producers is bleak. Speaking in Malaysia recently, Mr William Hood, research director of the International Monetary Fund said: "The (price) gyrations of the 1980s and the recent sharp drop... are creating grave problems. There is no easy way of remedying the situation." Production was falling even before the market collapsed last year. Western world mine production totalled some 175,000 tonnes, according to the Association of Tin Producing Countries against over 204,000 tonnes in 1981 when the tin council imposed export controls. In 1982, the failure of the ITC has sent output down by about another 25 per cent to some 150,000 tonnes, according to the ATPC, or well below west-



tern world consumption of about 150,000 tonnes a year. In Bolivia the industry has been devastated with the government faced with strikes in the mines as it tries to cut back manpower. In Brazil the industry's rapid expansion has been checked. China has cut back exports to the West sharply. In Malaysia, the biggest exporter, output is forecast to fall to 23,000 tonnes this year against 40,000 last year, as the number of operating mines has fallen from 400 to 170. Government intervention has prevented cuts from going further. In the UK, one Cornish mine has closed but two others have been rescued. In Malaysia, the mines have been granted a 70m ringgit (\$26.7m) support scheme to cushion the effect of low prices. More significantly, Indonesia says it is raising production by some 30 per cent this year to 27,000 tonnes, with the state-owned tin company Tambang Emas leading the way. After a 45 per cent currency devaluation, the Indonesians say they are making a profit. However, the over-ridding influence on prices is not the balance between current production and consumption but the stocks overhanging the market. The ITC defaulted with about 80,000 tonnes of tin on its hands most of which it promptly passed to its creditors—banks and metal brokers. In addition, there were about 90,000 tonnes held by producers, mostly in the form of contracts at mines in South East Asia, which had been prevented from sending the material to smelters by ITC export controls. Since then controls have been scrapped and the concentrates turned into metal readily available to the market. Stocks are declining from their 110,000 tonne peak at an annual rate of between 20,000 and 40,000 tonnes a year. Many market analysts believe that this means that prices cannot move very much until the stocks fall. Mr Peter Kettle, of the Commodity Research Unit, says: "Prices have moved in a narrow range since April... they may stay that way for a while. The big question is when the remaining big stockholders decide they want to get out." It seems that most of the banks holding metal are not in any hurry to sell at a loss. The break-even point on their stocks is in the region of \$4,200 a tonne. Sudden large-scale disposals could send prices back down towards \$2,500 a tonne. However, it is possible that if these ITC creditors sell others might jump into the market in the hope of making money when prices recover. A quick-witted trader or two could try to squeeze the market. After all, it would not be the first attempt to corner the market—Dr Mahathir Mohamad, the Malaysian Prime Minister, recently admitted that his country had been behind a mystery tin buying operation on the London Metal Exchange in 1982.

Stefan Wagstyl

But any such squeeze could not be expected to last very long. A sustained price increase would almost certainly bring back into production much of the capacity which has been made idle in the past year. Moreover, production costs around the world have fallen significantly this year and are set to decline further. Government measures to cut taxes and electricity costs have played their part; so has the drop in all prices which has cut the costs of a dredger by an estimated 10 per cent; most importantly the end of export controls has allowed low-cost mines to work flat out and cut unit costs. At CRU, Mr Kettle estimates that costs could have fallen by "at least 25 per cent." Some savings may not last indefinitely, but they cannot force capital spending or extract only high-grade material for ever. But the indications that once the stocks in the market are consumed and the industry settles down it will operate more efficiently and at lower costs than it has in the past. The transition could well continue to be traumatic.

Nickel

Weakness continues

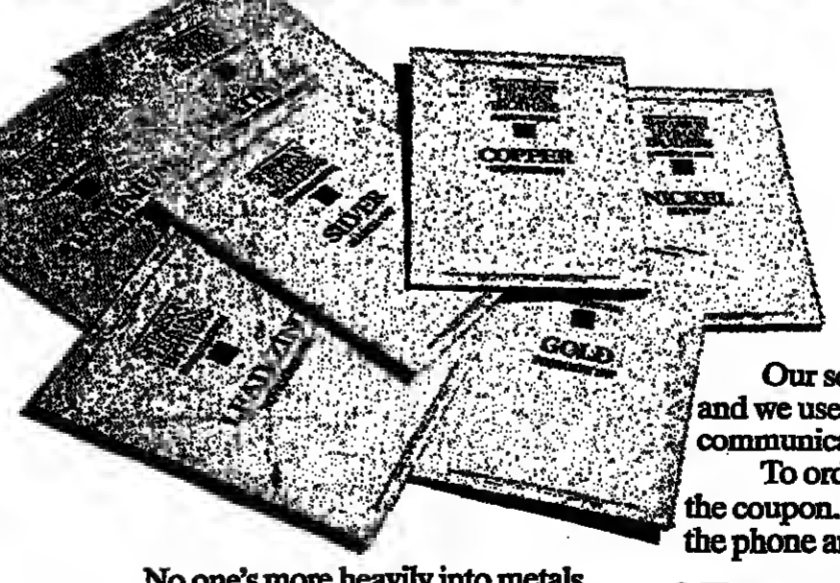
THE NICKEL market has stubbornly failed to respond to producers' promises of supply shortages, rising demand and falling inventories. "We believe," Mr Charles Baird, chairman of Inco, the non-Communist world's biggest producer, said in New York last week that the market for nickel is reasonably tight, that there is relatively little spare capacity readily available and that prices should reflect the level of demand. But Inco, which supplies about 30 per cent of non-Communist demand, has seen its realised price drop from US\$2.37 per lb in the first half of 1985 to US\$2.24 per lb this year. The free market price had sagged to around \$1.70 in mid-September from over \$2 in the early part of 1984. Inco's finished nickel inventories rose from 76m lbs to 86m lbs between March and July. A surge in Russian shipments during the second quarter and disappointing US consumption help explain the continuing weakness of the nickel market. One trader suspects that western nickel output will be closer to 60,000 tons this year than the 50,000 tons initially expected. Those hoping for stronger prices may also have underestimated a number of structural changes in the nickel market. Stainless steel makers, who buy about half of total nickel output, appear to be raising the proportion of scrap metal used in their production process. Wastage is being trimmed as

Non-Communist nickel market table with columns: Year, Nickel demand (000 tons), Nickel supply (000 tons), Changes in producer/LME inventories

While the price is now below the cash costs of some producers, about 40 per cent of non-Communist capacity is shielded from market disciplines by government support. Some producers have begun to cut back. Casualties in the past 15 months include Kavardari in Yugoslavia, the large Philippines producer Nonoc and Hanna Mining's ferronickel operation in the US state of Oregon. Rumours surfaced in September that a second Yugoslav producer, Kosovo, will halt operations at the end of the year. Question marks hang over the future of Société Métallurgique Le Nickel (SLN) in New Caledonia and over the Greek producer Larco. Workers at Larco have been asked to accept strict new productivity goals if the operation is to continue. The two big Canadian producers show no signs of following suit. Inco is widely regarded as the world's lowest-cost producer and has fought aggressively to retain market share after the emergence of producers in Third World and Socialist countries. Like others, the company has benefited from falling energy costs. While it has suspended pro-

Bernard Simon

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UK COMPANY NEWS

Nigel Wray is mystery bidder for Gilbert House

BY CHARLES BATCHELOR

MR NIGEL WRAY, the financier who last year acquired joint control of Somportex, the confectionery distribution company, emerged yesterday as the mystery bidder for Gilbert House Investments, the property investment and development group.

Mr Wray yesterday bought a 79.97 per cent stake—23m shares—in Gilbert House from Mr Turriolo Parrett, the Gilbert House chairman. Mrs J. B. Parrett and Letta Green Estate, a Turriolo family company, The shares have been bought at 18.57p each to value Gilbert House's issued share capital at £5.44m. On the stock market yesterday the company's shares leaped 41p to 61p to value it at £17.58m.

Mr Wray is making a formal offer, on the same terms, for the remaining shares of Gilbert House but will place in the market a large number of the shares already acquired as well as any more that are tendered so as to retain its Unlisted Securities Market quotation.

The new owner plans to continue Gilbert House's property investment and development activities. There is not expected to be any substantial increase in its investment dealing activity but other possibilities will be investigated.

Gilbert House came to the USM in June 1983 with a placing of 19.68 per cent of its shares. On August 4 the Parrett family announced plans to make a 15p per share offer for these shares but this proposed bid has now been superseded by the offer from Mr Wray.

Mr Wray plans to place 7.1m of the shares he is buying—24.68 per cent of Gilbert House's equity—with certain individuals, including 1.4m shares which will go to Mr P. J. Kleeman and his family. Mr Kleeman and Mr Wray are to join the Gilbert House board. Mr Parrett will remain as chairman.

A further 2.23m shares, or 8.1 per cent of the equity, will be placed with clients of stockbrokers de Zoete Bevan.

Mr Parrett will retain 100,000 shares and his making an offer for four subsidiaries of Gilbert House which own an investment property in Ashford, Kent and five leasing properties and properties in the course of development. These are valued at about £2.8m.

Beecham offshoots sale in final stages

BY TONY JACKSON

Beecham has confirmed that it is in the final stages of selling its home improvements business for a price believed to be close to £200m.

Among the bidders is a management consortium headed by Mr Richard Aston, who took over as managing director of Beecham's Unibond-Copydex subsidiary 12 months ago. The parts of the division being sold comprise three sealant manufacturers—DAP in the US, Ceresit in Germany and Rubson in France—as well as the Unibond-Copydex adhesives business in the UK. The world-wide UHU adhesives business, based in Germany, is not to be sold.

The home improvement division was formed largely through a series of acquisitions in 1984-85, though UHU was acquired in 1970. The largest part of the business is in the US, followed by Ceresit. Rubson and Unibond-Copydex, which are roughly equal in sales terms.

The fact that the proposed buyout represents only the relatively small US-based part of the business is thought to weigh against it. However, Beecham emphasised that prospective purchasers were still being shown around the various parts of the business, and that bids were not likely to be received before the end of the month.

The sale of the household products business, announced in principle in June, is part of a strategy of stripping the group down to its two traditional areas of pharmaceuticals and personal care products such as toiletries. The shares closed at 418p, up 12p.

Smallbone to acquire luxury beds retailer

BY MIKE SMITH

Smallbone, the upmarket fitted kitchen supplier, which was floated on the Unlisted Securities Market, in June is to buy the luxury beds retailer And-so-to-bed.

The deal puts a value of at least £3.4m on ASTB but, depending on profits between now and 1990, the final price is likely to be about £4.4m.

In the year to June this year, ASTB recorded pre-tax profits of £550,000 on turnover of £3.57m. It had assets of £1.05m, including £418,000 in cash.

Mr Graham Clark, Smallbone managing director, said yesterday he expected ASTB's pre-tax profits to rise steadily to about £1m in the year ending February 1990, putting the total deal at about £4.4m.

Smallbone, which recently added bedroom furniture to its ranges of kitchens and is branching out into bathrooms, was valued at £9.2m when it was floated four months ago. Pre-tax profits for the year to last February were £722,000. Smallbone shares closed up 10p at 165p.

Hutchison sees its role as Pearson's white knight

BY DAVID GOODHART

MR SIMON MURRAY, managing director of Hutchison Whampoa, the Hong Kong trading company with a 4.9 per cent stake in Pearson, said yesterday that Hutchison could act as an effective "in-house white knight" if it was allowed to increase its stake in the industrial, banking and publishing group which owns the Financial Times.

In an interview with the US financial news agency AP-Dow Jones, Mr Murray repeated his belief that a corporate link-up would offer a wide range of benefits to both companies and added: "The idea of having someone you know with a sizeable stake, a potential in-house white knight, could make sense for them."

He also stressed that he did not want to make a hostile bid for Pearson: "We don't want to walk into the UK and get into a beat-up with the establishment. If the investment in Pearson doesn't work out well, we would look for something else, although we might try a different strategy."

Mr Murray is optimistic that Hutchison and Pearson can find "common and fertile" ground, and following his discussions with Lord Blakenham, Pearson chairman in London last month, said: "The next move is their move. They've got to decide whether they want to see us in a larger position than we are today." He did not, however, specify how large a stake Hutchison wants.

Mr Murray noted that Pearson had some assets which might be considered "undervalued". He said Pearson wanted to know how well the two groups can co-operate before allowing Hutchison to build its stake. Hutchison, by contrast, is anxious to move ahead now.

"We're not sure we have a reasonable slug of their stock and get some of this downstream synergy working now. This is a very good stepping stone for us," said Mr Murray.

Videoserve owners settle litigation

By David Goodhart

Videoserve, the company which supplies 85 per cent of UK video outlets, is set to expand into a major new market following the settlement of litigation between its joint owners CBS/Fox Video Ltd and Cityvision PLC.

CBS had begun the litigation over a disputed investment with the previous owners of Cityvision (then known as Intervision). Following the reconstruction of Cityvision and the personal intervention of Mr Ralston W. Coffin, the international president of CBS/Fox, Cityvision has agreed to make an additional loan (of less than £350,000) to Videoserve to bring the loans from the two shareholders into balance.

PROCESS SYSTEMS is paying \$7.5m cash (£5.2m) to acquire MDA from Westinghouse. MDA makes translators and magnetic tape and solid state alone recorders, and had sales of \$4.9m in the first half of 1986.


Percy Bilton ahead to £5.4m

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Address: _____
Amount Enclosed: Tick for Acknowledgment

Application has been made to the Council of The Stock Exchange for the grant of permission to deal in the whole of the share capital of the Company listed and now being placed in the Unlisted Securities Market. It is emphasized that no application has been made for these securities to be admitted to listing.

INTERLINK EXPRESS PLC

(Incorporated in England under Companies Act 1985 - No. 197227)

Offer for Sale by
Laurence Prust & Co. Ltd.

of 3,482,500 new Ordinary Shares of 5p each at 185p per share, payable in full on application

SHARE CAPITAL Issued and now being issued fully paid

Authorized £1,000,000	In Ordinary Shares of 5p each	2012,500
-----------------------	-------------------------------	----------

The Company, through its wholly-owned subsidiary Interlink Express Parcels Limited, operates an overnight service for the collection and delivery of parcels in Great Britain and Northern Ireland. The service is operated through a franchised network of over 100 local depots.

The Company's trading record for the three years ended 30th June 1986 has been:

Years ended 30th June			
	1984	1985	1986
Turnover	£000	£000	£000
	4,514	7,837	13,752
Profit on ordinary activities before taxation	372	1,088	2,598

Particulars relating to the Company are available in the Extel Statistical Services and copies of the Offer for Sale (on the terms of which alone applications will be considered) together with application forms may be obtained from:-

Interlink Express PLC 22-24 Portland Square Bristol BS2 8RZ	Laurence Prust & Co. Ltd. 7-11 Moorgate London EC2R 6AH Tel: 01-606 9811	Lloyds Bank Plc Registrar's Department Issue Section PO Box 1000 11 Bishopsgate London EC2N 3LB
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and from the following branches of Lloyds Bank Plc:-

125 Colmore Row Birmingham	27 High St Cardiff	12 Bothwell St Glasgow	53 King St Manchester
55 Corn St Bristol	113/115 George St Edinburgh	6 Pall Mall London SW1	

The application list will open at 10.00 a.m. on Friday, 10th October 1986 and may be closed at any time thereafter.

7th October 1986

UK COMPANY NEWS

Interlink valued at £30m in offer for sale on USM

BY ALICE RAWSTHORN

Interlink, overnight parcel delivery service, yesterday became the 500th company to join the USM, when it went public through an offer for sale...

employees are highly motivated and, in an intensely competitive industry, that they maintain standards of service and quality.

comment There could scarcely be a more appropriate company to mark a milestone for the USM than Interlink. With its roots in a young growth industry and a motorcycle messenger turned millionaire founder, it matches perfectly public perceptions of the USM.

Charlie Browns rises to £922,000

In its first full year since joining the USM in May, 1985, Charlie Browns Car Part Centres lifted pre-tax profits by 53 per cent from £308,000 to £922,000.

Molins ahead 84% but sticks to forecast

Molins was still expecting its results for 1986 to be at least comparable with the previous year (pre-tax profit £5m), although for the first six months had experienced an increase of 84 per cent, from £2.5m to £4.6m.

therefore, would be correspondingly lower. In tobacco machinery, the group had broadly adequate order books for the balance of 1986.

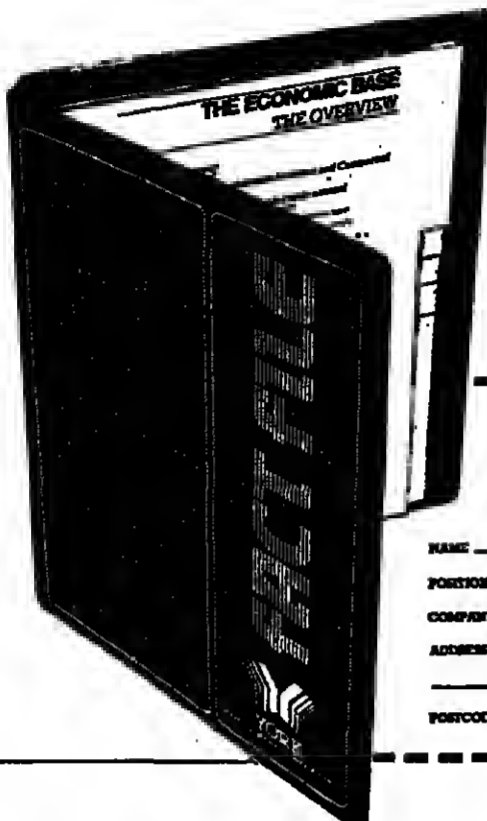
improved, its share of the available business, but because of competitive pressures had not been able to obtain adequate margins.

THIS BOOK could change your life!

York is actively seeking to encourage industrial and commercial businesses to establish themselves in some of the most beautiful surroundings in the country. Low overheads,

highly motivated workforce and an environment second to none.

To see just how good a move to York could be, clip the coupon for your copy of the York Fact File - which will tell you all the sound reasons why you should consider York. It'll make you think.



York Area Economic Development Unit York Enterprise Centre 1 Davygate York YO1 2QE York (0904) 53855

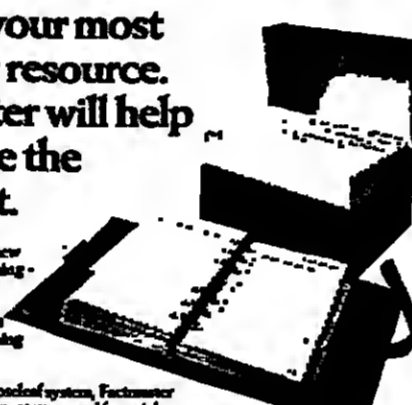
Form with fields for Name, Position, Company, Address, Postcode, Telephone.

BROWN GOLDIE & CO. LIMITED

Development Capital for Private Companies Management Buy-Outs

Write or telephone: Ian Hislop or Cameron Brown, Brown Goldie & Co. Limited, 16 St. Helen's Place, London EC3A 6BY. Telephone: 01-638 2575.

Time is your most precious resource. Factmaster will help you make the most of it.



Factmaster is the new organisation and planning software... Making the most of your time.

THE FINANCIAL TIMES is proposing to publish a Survey on INTERNATIONAL CONSTRUCTION

Publication Date: November 11 1986 Insertion Guarantee*: October 7 1986 Advertisement Copy Date: October 28 1986

FINANCIAL TIMES CONFERENCES DEVELOPING THE GLOBAL MARKET FOR EQUITIES London, 21 October 1986

The FT City Financial Series 22 & 23 October, 1986

United Kingdom U.S.\$2,500,000,000 Floating Rate Notes Due 1992

The most advanced portable phone yet... that's about the size of it. Martin Dawes Communications.

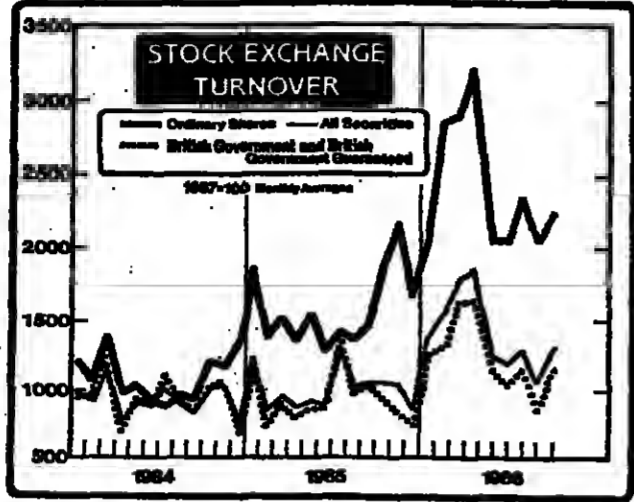
GRANVILLE and FINANCIAL TIMES BOOKLETS tables.

UK COMPANY NEWS

STOCK EXCHANGE BUSINESS IN SEPTEMBER

Turnover rises sharply amid interest rate tensions

TURNOVER ON THE UK Stock Exchange as growing tensions over global and domestic interest rates brought selling of both equities and fixed interest stocks...



The FT Government securities index fell 69.5 points to 319.0 over the month, indicating the heavy selling of gilts which has brought him a major loss by a major US trader.

The demand for bullion brought a ready response in gold mining stocks, with the threat of an interruption in supply from the South African mines in no way restraining investment interest.

are planned this month by the Beecham board. Also active were Jaguar shares, long a favourite with US investors. The car group is about to introduce its latest model, and transatlantic institutions bought the stock last month on the strength of increasingly favourable reports of the new car.

But the setback reflected only a modest increase in turnover which at £1.12bn was 10.3 per cent up on August. Private investor interest in the equity market focused around the run-up to the initial public offering of stock in the Trustee Savings Bank.

Towards the end of the month, UK securities markets were becoming yet more unsettled as the sudden downward pressures on sterling appeared to make a two point rise in bank base rates increasingly likely.

Steady buying of Grand Metropolitan was another factor. The first speculative flurry was justified when the company confirmed that it was on the way to selling its Liggett interests in the US.

The worries over world currencies and interest rates, together with the underlying nervousness over inflation that these worries reflect, brought significant activity in gold bullion.

Also discouraging the major investors was the onset of the season of political party conferences. Turnover in the second line equity stocks fell away on these widespread uncertainties, but this was more than counter-balanced by US demand for some of the major blue-chips.

However, renewed speculative demand then followed suggestions in the investment press that GrandMet might be a bid target. Fellow hotel-keeper Trusthouse Forte fell also in active trading, after its bid for some of Hanson Trust's food and catering interests was referred to the Monopolies Commission.

Munro Corp. climbs 48% to £0.85m

Munro Corporation, the leading house which specialises in bringing small companies to the overseas market, reported pre-tax profits up by 48 per cent from £578,854 to £854,999 for the year to June 30 1986 on turnover lower at £13.13m compared with £13.8m.

Central & Sheerwood's accounts qualified

Central & Sheerwood's auditors have again qualified the accounts to the effect that the group remains viable on a going concern basis only, with the banks agreeing to support the company's progressive achievement of its business plan.

Turriff keeping up recovery with £0.4m

Turriff Corporation continued its improvement in the first six months of 1986 and achieved a pre-tax profit of £394,000, compared with a loss of £421,000 and a profit of £408,000 for the whole of 1985.

Turnover in the period was reduced to £24.78m (£31m). After tax £148,000 (£60,000) and minorities £24,000 (£42,000), the net profit was £227,000 (loss £323,000) for earnings of 5.1p per share (loss 11.5p).

BOARD MEETINGS

Table listing board meetings for various companies including Ash and Ley, British Oredging, Gurn Mill, Gurn Cross, House Property Co. of London, etc.

Advertisement for Brown, Shipley & Co. Limited, Security Pacific Eurofinance (UK) Limited, and Anglo Factoring Services Limited, from J Rothschild Holdings PLC.

COMPANY NEWS IN BRIEF

- NO PROBES—The following mergers are not being referred to the Monopolies Commission: Gates Corporation acquisition of Uniroyal Power Transmission company and Chase Corporation acquisition of Wingate Property Investments. SHEPHERD NEAME, Kent brewers, proposes a final dividend of 11p making 14.25p (12.25p) for year to June 30.

October, 1986

International Placement of FIAT S.p.A., Turin, Italy

115,081,800 Ordinary Shares (at a par value of Lit. 1,000 each)
88,338,150 Preference Shares (at a par value of Lit. 1,000 each)
29,341,995 Savings Shares (at a par value of Lit. 1,000 each)
with Warrants attached entitling the holder to purchase Ordinary Shares in Comau Finanziaria S.p.A.

Table listing international placement agents such as Deutsche Bank Capital Markets, Mediobanca, ABC Investment and Services Co. (E.C.), Daiwa Europe Limited, etc.

FINANCIERING MAATSCHAPPIJ d'ORANJEBOOM B.V.

U.S. \$75,000,000 11 7/8% Guaranteed Bonds 1991 Guaranteed as to payment of principal, premium (if any) and interest by

ALLIED-LYONS PLC

NOTICE TO THE HOLDERS OF THE ABOVE MENTIONED BONDS

Notice is hereby given to the holders of the U.S. \$75,000,000 11 7/8% Guaranteed Bonds 1991 (the "Bonds") in accordance with Clause 15(F) of the Paying Agency Agreement for the Bonds that, with the consent of the Trustee of the Bonds, notice to terminate the appointment of the present Principal Paying Agent and Paying Agents has been given.

With the consent of the Trustee the following have been appointed as the new Principal Paying Agent and Paying Agents with effect from 1st December, 1986:—

- Midland Bank plc, International Division, P.O. Box 181, 110-114 Cannon Street, London EC4N 6AA, as Principal Paying Agent. Kredietbank N.V., 7 Arenbergstraat, 1000 Brussels, Belgium. Kredietbank S.A., Luxembourg, 43 Boulevard Royal, L-2995 Luxembourg. Swiss Bank Corporation, Aeschenvorstadt 1, Basle, Switzerland, as Paying Agents. 7th October, 1986.

روزنامه اقتصادی

Friday October 7, 1988

Financial Times Tuesday October 7 1988 LONDON RECENT ISSUES

Table with columns: Name, Price, Change, etc. under the heading 'EQUITIES'.

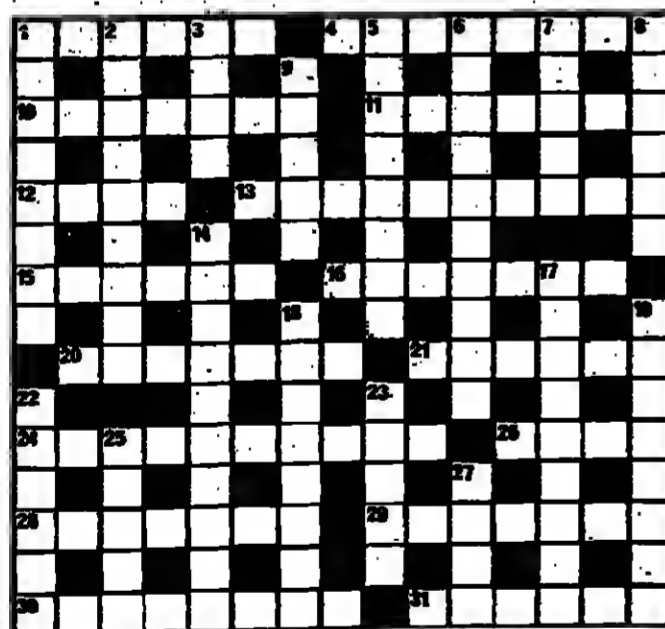
Table with columns: Name, Price, Change, etc. under the heading 'FIXED INTEREST STOCKS'.

Table with columns: Name, Price, Change, etc. under the heading 'RIGHTS OFFERS'.

Remember that money last day for dealing free of stamp duty. A financial dividend is figured based on a prospective estimate...

F&C Financials fixed price offer 50p until October 10th. F&C Unit Management. Tel: 01-623 4680.

FT CROSSWORD PUZZLE NO 6,144



ACROSS clues: 1 He pretends it's sweet (6), 4 Fruit with coverings... DOWN clues: 1 Full of despair, he takes less work in (6), 2 Bolt from the blue? (9).

AUTHORISED UNIT TRUSTS

Large table listing various unit trusts with columns for Name, Price, Change, and other financial details.

FT UNIT TRUST INFORMATION SERVICE

Table listing additional unit trusts and their details, including names, prices, and changes.

ill hit problem... oses... the red... DW... mt.

AUTHORISED UNIT TRUSTS & INSURANCES

Table listing various insurance and unit trust products, including 'Worshipful Assn Management Ltd', 'City of Edinburgh Life Assurance', and 'Westminster Unit Trust Managers Ltd'.

INSURANCES

Large table listing various insurance policies and unit trusts, including 'Abney Life Assurance Co Ltd', 'Aetna Life Insurance Co Ltd', and 'Allied Duncker Assurance Plc'.

Table listing various insurance and unit trust products, including 'Equitable Life Assn Sec-Conts', 'H & G Group', and 'National Provident Institution'.

Table listing various insurance and unit trust products, including 'New South Wales Life Assurance Ltd', 'New Zealand Life Assurance Co Ltd', and 'New York Life Insurance Co Ltd'.

Table listing various insurance and unit trust products, including 'Prudential Assurance Co Ltd', 'Scottish Amicable Investments', and 'Scottish Life Assurance Co Ltd'.

Handwritten text at the bottom center of the page, possibly a signature or stamp.

Handwritten Arabic text: "بازار اوراق بهادار"

INSURANCE, OVERSEAS & MONEY FUNDS

Table listing various insurance and financial services with columns for company name, address, and contact information.

Table listing insurance and financial services, including company names like 'Sovereign Community Ser. Ltd' and 'Bridgeway Management Ltd'.

Table listing insurance and financial services, including company names like 'Hill Summit Investment' and 'Harris Johnsons (Int. Advices)'.

Table listing insurance and financial services, including company names like 'Schwartz Mgmt Services (Jersey) Ltd' and 'Warburg Investment Management'.

MANAGEMENT SERVICES

Table listing management services, including company names like 'World H. Aron' and 'Charterhouse Bank'.

Table listing management services, including company names like 'Crest International' and 'Crest International'.

Table listing management services, including company names like 'The New Zealand' and 'The New Zealand'.

Table listing management services, including company names like 'Schwartz Worldwide Selection Fund' and 'Standard Bank'.

OFFSHORE AND OVERSEAS

Table listing offshore and overseas services, including company names like 'TSL Life Ltd' and 'Target Life Assurance Co. Ltd'.

Table listing offshore and overseas services, including company names like 'Wynn & Partners Ltd' and 'Wynn & Partners Ltd'.

Table listing offshore and overseas services, including company names like 'Lazard Freres & Co. (Jersey) Ltd' and 'Lazard Freres & Co. (Jersey) Ltd'.

Table listing offshore and overseas services, including company names like 'Tokyo Pacific Holdings NV' and 'Tokyo Pacific Holdings NV'.

Money Market

Table listing money market services, including company names like 'Charles & Co' and 'Charles & Co'.

Money Market Bank Accounts

Table listing money market bank accounts, including company names like 'Standard Bank' and 'Standard Bank'.

Money Market

Table listing money market services, including company names like 'Tokyo Pacific Holdings NV' and 'Tokyo Pacific Holdings NV'.

NOTES

Text providing notes and details regarding the financial services listed.

TRADITIONAL OPTIONS

Table listing traditional options, including company names like 'Allied-Lloyds' and 'Allied-Lloyds'.

3-month call rates

Table listing 3-month call rates, including company names like 'Allied-Lloyds' and 'Allied-Lloyds'.

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COMMODITIES AND AGRICULTURE

LME expects to retain 'traditional' features

BY STEFAN WAGSTYL

THE LONDON Metal Exchange, which has been negotiating the reform of its market with City regulatory authorities, appears to have won its battle to keep change to a minimum.

Mr. Michael Brown, LME chief executive told a trade conference in London yesterday: "We are certainly hopeful that the steps we have made will enable us to continue doing business in the traditional way."

Mr. Brown's comments followed a meeting on Friday between LME officials and representatives of the Securities and Investments Board, the embryonic City regulatory body, the Bank of England and the Department of Trade and Industry.

The news will delight the exchange's brokers and metal traders clients many of whom have argued strongly against change.

Under pressure from the SIB, the LME agreed in March to replace its century-old principle-to-principle market with a system in which a clearing house acts as intermediary between brokers.

However, it now seems that the LME has succeeded in its fight to make sure that its clearing system is modified to retain as many features as possible of its present market.

Mr. Brown said yesterday that the clearing system which is quite different from those operated by other exchanges. At the heart of the talks between the LME and the SIB has been the issue of the segregation of client accounts.

At present, LME brokers are permitted to offset different client long and short positions, laying off only the net risk on the market. The SIB, which is being entrusted with the Government's policy of investor protection in the City, had wanted the rules changes so each client's account is kept separate.

The LME appears to have persuaded the SIB to accept a compromise under which the segregation rules will apply to private investors but not to trade clients.

As a result, it is likely that unlike other cleared markets, the LME will not have to ask trade clients to pay cash margin when they open positions on the market and make further margin payments when prices move against them.

Instead, the exchange seems set to retain its "prompt date" settlement system, under which profits and losses are settled on the contract expiry date. To meet the financial rules of the clearing house, bank guarantees would be put up to cover open positions rather than cash margin payments.

Mr. Brown said yesterday that the new system would probably be up and running by next March. He was speaking at a forum organised by American Metal Market, a trade newspaper.

Commenting on Mr. Brown's remarks, Mr. Clean Dennis, director of Boursfield Davis, an LME trading company, told the conference that the exchange would still have a principal-to-principal (for trade clients) clearing system to be cleared through a clearing house operated by the International Commodities Clearing House.

The shut-downs planned at Sibley, which include the entire months of July and August 1987, are expected to push output below 60,000 lb, compared to almost 70,000 lb in 1986.

Falconbridge said that the first six months of this year. Besides low nickel prices it is burdened by charges on debt used to finance the C\$27.2m Ontario lease mill producer, Kidd Creek mines.

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Falconbridge to cut nickel production

By Bernard Simon in Toronto

FALCONBRIDGE, the loss-making Canadian nickel producer, is to cut production at its main operations in Sudbury, Northern Ontario, by about one-sixth in 1987 and will close its Norwegian refinery for at least a month next summer.

Ascribing the cutbacks to continuing low nickel prices and over-supply of the metal, the Toronto-based company said that employment levels at Sudbury will be reduced by about 10 per cent, salaries of senior managers will be cut, and the working week at head office will be extended by 2.5 hours without extra pay.

Falconbridge has tried to resist cutbacks up to now, gaining a reputation as a fierce price-cutter in international nickel markets. But the company suffered a C\$27.2m (200.7m) operating loss in the first six months of this year.

LME prices supplied by Amalgamated Metal Trading.

ALUMINIUM
Unofficial + or - High/Low
Close (per tonne)

Cash 1977-8 -10 192,200
3 months 1977-8 -7.75 194,800

Official closing (amt): Cash 822.2 (911.2); three months 807.4 (814.4); 6m: settlement 800 (802.5) US Producer: 811-12; Turnover: 15,078 tonnes.

COPPER
Unofficial + or - High/Low
Close (per tonne)

Cash 923.5-5.4 +1.8 923,923
3 months 924.5-5.1 +1.8 924,723

Official closing (amt): Cash 922.5 (925.5); three months 945.5-5 (948.5); settlement 922 (923). Final Korb Close: 946.7.

LEAD
Unofficial + or - High/Low
Close (per tonne)

Cash 279-25 +0.75 279,279
3 months 281.5-2 +0.75 281,525

Official closing (amt): Cash 280.5 (281.5); three months 282.5 (283.5); settlement 279.5 (277.5); US Producer: 280-281; US Spot 24/24.5 cents per pound.

NICKEL
Unofficial + or - High/Low
Close (per tonne)

Cash 2856-66 -30 -1.2 2856,665
3 months 2861-66 -1.2 2861,665

Official closing (amt): Cash 2860.5 (2870.5); three months 2907.0 (2917.0); settlement 2860 (2862); Final Korb Close: 2,907-10; Turnover: 342 tonnes.

ZINC
Unofficial + or - High/Low
Close (per tonne)

Cash 659-30 +0.1 659,659
3 months 659-30 +0.1 659,659

Official closing (amt): Cash 659.5 (651.5); three months 650.1 (651.5); settlement 659 (658); US Producer: 658-659; Western: 44/47.5 cents per pound.

TIN
KUALA LUMPUR TIN MARKET: Close (14-11-14.12) receipt per kg. Down 0.11 gongg per kg.

GOLD AND PLATINUM COUNTRIES
1000/1000 8425-487 (82021-30314)
3 mths 8330-2214 (81105-181)
11/11/11 8273-461 (82133-334)
9 mths 8449-401 (82133-334)
1000/1000 8423-4474 (82064-311)
1/11/11 846-01 (82133-334)
11/11/11 846-01 (82133-334)
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LONDON MARKETS

THE UPWARD swing of the coffee pendulum gathered pace yesterday after a brief burst of early selling uncovered an area of firm support.

A \$75 rise lifted the January position on the London futures market to \$2,237.50 a tonne at the close, \$127.50 above the low it reached in the middle of last week after a sustained bout of technical selling had trimmed nearly 5400 a tonne of nearby positions.

Dealers said confidence appeared to have returned to the market, with most operators now convinced last week's sell-off with overdone. They said fundamental factors remained bullish with lack of rainfall in Brazil still giving cause for concern.

The physical market finished a little lower on the day. Traders said the market lacked direction and prices appeared to be consolidating ahead of fresh crop developments.

The physical market was quiet, they said, while manufacturer off-take was "routine."

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REUTERS INDICES

Oct 7 Oct 6 1 Month Ago Year Ago

1500-1585.0 1475.0 1599.1
(Base: September 18 1981=100)
DOW JONES
Dow Jones 158.71 -1.16 156.56
S&P 500 283.32 -1.72 281.60
(Base: December 31 1981=100)

MAIN PRICE CHANGES
In cents unless otherwise stated.
Oct 6 + or - Month Ago

METALS
Aluminium 192,200 -10 192,200
Copper 923.5 -5.4 +1.8 923,923
Gold 279.25 -0.75 279,279
Lead 281.5 -2 +0.75 281,525
Nickel 2856.66 -30 -1.2 2856,665
Silver 2861.66 -1.2 2861,665
Zinc 659.30 +0.1 659,659

GRAINS
Barley (UK) 148.00 -0.2 148,000
Maize 148.00 -0.2 148,000
Soybean (US) 11.50 -0.1 11,500
Wheat (US) 11.50 -0.1 11,500

COFFEE
Arabica (L) 2,237.50 +75 2,237,50
Robusta (L) 1,000.00 +10 1,000,00
Cocoa (L) 1,000.00 +10 1,000,00
Soybean (US) 11.50 -0.1 11,500
Wheat (US) 11.50 -0.1 11,500

SOYABEAN MEAL
Yellow 100 100.00 +0.5 100,000
White 100 100.00 +0.5 100,000
Soybean Oil 100 100.00 +0.5 100,000
Soybean Meal 100 100.00 +0.5 100,000

WHEAT
Wheat (US) 11.50 -0.1 11,500
Wheat (UK) 148.00 -0.2 148,000
Wheat (Canada) 148.00 -0.2 148,000
Wheat (Australia) 148.00 -0.2 148,000

BARLEY
Barley (UK) 148.00 -0.2 148,000
Barley (Canada) 148.00 -0.2 148,000
Barley (Australia) 148.00 -0.2 148,000

MAIZE
Maize (US) 148.00 -0.2 148,000
Maize (UK) 148.00 -0.2 148,000
Maize (Canada) 148.00 -0.2 148,000

SILVER
Silver 2861.66 -1.2 2861,665
Silver 2861.66 -1.2 2861,665
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LIVE CATTLE
Live Cattle 100.00 +2.50 100,000
Live Cattle 100.00 +2.50 100,000
Live Cattle 100.00 +2.50 100,000

POTATOES
Potatoes 100.00 +2.50 100,000
Potatoes 100.00 +2.50 100,000
Potatoes 100.00 +2.50 100,000

MEAT
Meat 100.00 +2.50 100,000
Meat 100.00 +2.50 100,000
Meat 100.00 +2.50 100,000

US MARKETS

COFFEE FUTURES found support on continued scale-down producer buying, and moved to a high of 195.00.

Dealers said confidence appeared to have returned to the market, with most operators now convinced last week's sell-off with overdone. They said fundamental factors remained bullish with lack of rainfall in Brazil still giving cause for concern.

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NEW YORK
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Copper 923.5 -5.4 +1.8 923,923
Gold 279.25 -0.75 279,279
Lead 281.5 -2 +0.75 281,525
Nickel 2856.66 -30 -1.2 2856,665
Silver 2861.66 -1.2 2861,665
Zinc 659.30 +0.1 659,659

COFFEE
Arabica (L) 2,237.50 +75 2,237,50
Robusta (L) 1,000.00 +10 1,000,00
Cocoa (L) 1,000.00 +10 1,000,00
Soybean (US) 11.50 -0.1 11,500
Wheat (US) 11.50 -0.1 11,500

SOYABEAN MEAL
Yellow 100 100.00 +0.5 100,000
White 100 100.00 +0.5 100,000
Soybean Oil 100 100.00 +0.5 100,000
Soybean Meal 100 100.00 +0.5 100,000

WHEAT
Wheat (US) 11.50 -0.1 11,500
Wheat (UK) 148.00 -0.2 148,000
Wheat (Canada) 148.00 -0.2 148,000
Wheat (Australia) 148.00 -0.2 148,000

BARLEY
Barley (UK) 148.00 -0.2 148,000
Barley (Canada) 148.00 -0.2 148,000
Barley (Australia) 148.00 -0.2 148,000

MAIZE
Maize (US) 148.00 -0.2 148,000
Maize (UK) 148.00 -0.2 148,000
Maize (Canada) 148.00 -0.2 148,000

SILVER
Silver 2861.66 -1.2 2861,665
Silver 2861.66 -1.2 2861,665
Silver 2861.66 -1.2 2861,665

LIVE CATTLE
Live Cattle 100.00 +2.50 100,000
Live Cattle 100.00 +2.50 100,000
Live Cattle 100.00 +2.50 100,000

POTATOES
Potatoes 100.00 +2.50 100,000
Potatoes 100.00 +2.50 100,000
Potatoes 100.00 +2.50 100,000

MEAT
Meat 100.00 +2.50 100,000
Meat 100.00 +2.50 100,000
Meat 100.00 +2.50 100,000

GOLD 100 Troy oz. 3/Troy oz

Close High Low Prev
Oct 693.0 693.0 693.0 693.0
Nov 442.8 442.8 442.8 442.8
Dec 446.5 446.5 446.5 446.5
Jan 449.5 449.5 449.5 449.5
Feb 453.0 453.0 453.0 453.0
Mar 456.5 456.5 456.5 456.5
Apr 460.0 460.0 460.0 460.0
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Jan 617.5 617.5 617.5 617.5
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Mar 624.5 624.5 624.5 624.5
Apr 628.0 628.0 628.0 628.0
May 631.5 631.5 631.5 631.5
Jun 635.0 635.0 635.0 635.0
Jul 638.5 638.5 638.5 638.5
Aug 642.0 642.0 642.0 642.0
Sep 645.5 645.5 645.5 645.5
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Nov 652.5 652.5 652.5 652.5
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Dec 698.0 698.0 698.0 698.0
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Mar 708.5 708.5 708.5 708.5
Apr 712.0 712.0 712.0 712.0
May 715.5 715.5 715.5 715.5
Jun 719.0 719.0 719.0 719.0
Jul 722.5 722.5 722.5 722.5
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Feb 747.0 747.0 747.0 747.0
Mar 750.5 750.5 750.5 750.5
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Nov 778.5 778.5 778.5 778.5
Dec 782.0 782.0 782.0 782.0
Jan 785.5 785.5 785.5 785.5
Feb 789.0 789.0 789.0 789.0
Mar 792.5 792.5 792.5 792.5
Apr 796.0 796.0 796.0 796.0
May 799.5 799.5 799.5 799.5
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Jul 806.5 806.5 806.5 806.5
Aug 810.0 810.0 810.0 810.0
Sep 813.5 813.5 813.5 813.5
Oct 817.0 81

بازار مالیات

CURRENCIES, MONEY & CAPITAL MARKETS

FOREIGN EXCHANGES

Dollar and pound weaker

THE DOLLAR lost ground in quiet but nervous trading as dealers tried to move the US dollar lower without giving the West German Bundesbank cause to intervene. The Bundesbank did support the dollar, but not on a large enough scale to reverse the downward trend.

at a time which would be particularly embarrassing for the Government, while dealers in London's financial markets remained very nervous about a possible rise in sterling 195 money supply. It was also feared that the October meeting may decide on higher production quotas, putting downward pressure on oil prices.

THE FRANKFURT fixing when the dollar was fixed at DM 1.9842 compared with DM 2.0005 on Friday. In spite of intervention by the Bundesbank on the open market in support of the dollar, it fell to DM 1.9805 at the Frankfurt close on Friday.

FINANCIAL FUTURES

Gilts and pound deposits weak

STERLING BASED futures trading on a weaker note in the London International Financial Futures Exchange yesterday. Values were marked up initially but came back later in the day in the absence of any real trend.

greater desire to resist a rise in rates just now. Against this background and sterling's fall to a record low against the D-mark and on its exchange rate index, values finished towards the day's low.

Washington tended to re-focus attention on economic fundamentals and Friday's rise in US employment estimates underlined the sluggish nature of the US economy. Euro-dollar prices opened at 94.25 for December and moved up to a high of 94.25 on Friday.

EMIS EUROPEAN CURRENCY UNIT RATES

Table with columns: Country, Unit, Rate, % change from previous, % change from 1985, % change from 1984. Includes France, Germany, Italy, etc.

FOUNDER SPOT-FORWARD AGAINST THE POUND

Table with columns: Country, Spot, Forward, % change from spot, % change from forward. Includes US, Canada, etc.

DOLLAR SPOT-FORWARD AGAINST THE DOLLAR

Table with columns: Country, Spot, Forward, % change from spot, % change from forward. Includes UK, etc.

EURO-CURRENCY INTEREST RATES

Table with columns: Currency, Term, Rate. Includes Sterling, US Dollar, etc.

OTHER CURRENCIES

Table with columns: Country, Rate, % change. Includes Argentina, Brazil, etc.

MONEY MARKETS

Uncertainty ahead of money figures

UK INTEREST rates were a little lower compared with Friday but finished above the day's lows as sterling lost ground. Today's UK money supply figures were regarded as holding the key to money sentiment with recent comments suggesting that early forecasts may have been a little too bearish.

NEW YORK

Table with columns: Instrument, Rate, % change. Includes Treasury bills, etc.

FT LONDON INTERBANK RATES

Table with columns: Instrument, Rate, % change. Includes 3 months, 6 months, etc.

LONDON MONEY RATES

Table with columns: Instrument, Rate, % change. Includes 3 months, 6 months, etc.

OTHER CURRENCIES

Table with columns: Country, Rate, % change. Includes Argentina, Brazil, etc.

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Table with columns: Country, Rate, % change. Includes Argentina, Brazil, etc.

Holding Operation advertisement featuring images of promotional items like key rings, cuff links, and medals.

KfW DM Bonds advertisement for a 6% DM 750 million bond issue, highlighting high liquidity and easy availability.

BEAT DJI BY 35% advertisement for KfW investment services, offering a 35% return on investment.

WORLD VALUE OF THE POUND

The table below gives the latest available rate of exchange for the pound against various currencies as of October 6, 1986. In some cases rate is nominal. Market rates are the average of buying and selling rates except where they are shown to be otherwise.

Large table showing exchange rates for the pound against various countries and currencies, including US Dollar, Japanese Yen, and others.

Small text at the bottom of the exchange rate table providing definitions for abbreviations and additional information.

BRITISH FUNDS

Table of British Funds with columns for Name, Price, and % Change. Includes sub-sections for 'Shorts (Lives up to Five Years)', 'Five to Fifteen Years', and 'Over Fifteen Years'.

AMERICANS - Cont.

Table of American Stocks with columns for Name, Price, and % Change. Includes sub-sections for 'CANADIANS' and 'BANKS, HP & LEASING'.

LONDON SHARE SERVICE

BUILDING, TIMBER, ROADS - Cont.

Table of Building, Timber, and Roads stocks with columns for Name, Price, and % Change.

DRAPERY & STORES - Cont.

Table of Drapery and Stores stocks with columns for Name, Price, and % Change.

ENGINEERING - Continued

Table of Engineering stocks with columns for Name, Price, and % Change.

INDUSTRIALS - Continued

Table of Industrial stocks with columns for Name, Price, and % Change.

Five to Fifteen Years

Table of Five to Fifteen Years funds.

Over Fifteen Years

Table of Over Fifteen Years funds.

INDEXES

Table of various market indices.

INT. BANK AND OSEAS GOVT STERLING ISSUES

Table of international bank and overseas government sterling issues.

CORPORATION LOANS

Table of corporation loans.

COMMONWEALTH & AFRICAN LOANS

Table of commonwealth and African loans.

LOANS

Table of various loans.

BEERS, WINES & SPIRITS

Table of beer, wine, and spirit stocks.

CHEMICALS, PLASTICS

Table of chemical and plastic stocks.

DRAPERY AND STORES

Table of drapery and store stocks.

ELECTRICALS

Table of electrical stocks.

FOOD, GROCERIES, ETC.

Table of food, grocery, and other stocks.

HOTELS AND CATERERS

Table of hotel and catering stocks.

INDUSTRIALS (Miscel.)

Table of miscellaneous industrial stocks.

ENGINEERING

Table of engineering stocks.

ENGINEERING

Table of engineering stocks.

INDUSTRIALS

Table of industrial stocks.

INDUSTRIALS

Table of industrial stocks.

INDUSTRIALS

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INDUSTRIALS

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INDUSTRIALS

Table of industrial stocks.

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INDUSTRIALS - Continued

Table of industrial stocks including companies like Anglo-Siam, Anglo-Siam, Anglo-Siam, etc. with columns for stock price, high, low, and change.

LEISURE - Continued

Table of leisure stocks including companies like Anglo-Siam, Anglo-Siam, Anglo-Siam, etc. with columns for stock price, high, low, and change.

PROPERTY - Continued

Table of property stocks including companies like Anglo-Siam, Anglo-Siam, Anglo-Siam, etc. with columns for stock price, high, low, and change.

INVESTMENT TRUSTS - Cont.

Table of investment trusts including companies like Anglo-Siam, Anglo-Siam, Anglo-Siam, etc. with columns for stock price, high, low, and change.

FINANCE, LAND - Cont.

Table of finance and land stocks including companies like Anglo-Siam, Anglo-Siam, Anglo-Siam, etc. with columns for stock price, high, low, and change.

MINES - Continued

Table of mine stocks including companies like Anglo-Siam, Anglo-Siam, Anglo-Siam, etc. with columns for stock price, high, low, and change.

INSURANCES

Table of insurance stocks including companies like Anglo-Siam, Anglo-Siam, Anglo-Siam, etc. with columns for stock price, high, low, and change.

NEWSPAPERS, PUBLISHERS

Table of newspaper and publisher stocks including companies like Anglo-Siam, Anglo-Siam, Anglo-Siam, etc. with columns for stock price, high, low, and change.

SHIPPING

Table of shipping stocks including companies like Anglo-Siam, Anglo-Siam, Anglo-Siam, etc. with columns for stock price, high, low, and change.

OVERSEAS TRADERS

Table of overseas trader stocks including companies like Anglo-Siam, Anglo-Siam, Anglo-Siam, etc. with columns for stock price, high, low, and change.

PLANTATIONS

Table of plantation stocks including companies like Anglo-Siam, Anglo-Siam, Anglo-Siam, etc. with columns for stock price, high, low, and change.

TOBACCO

Table of tobacco stocks including companies like Anglo-Siam, Anglo-Siam, Anglo-Siam, etc. with columns for stock price, high, low, and change.

LEISURE

Table of leisure stocks including companies like Anglo-Siam, Anglo-Siam, Anglo-Siam, etc. with columns for stock price, high, low, and change.

PROPERTY

Table of property stocks including companies like Anglo-Siam, Anglo-Siam, Anglo-Siam, etc. with columns for stock price, high, low, and change.

TRUSTS, FINANCE, LANG

Table of trusts, finance, and language stocks including companies like Anglo-Siam, Anglo-Siam, Anglo-Siam, etc. with columns for stock price, high, low, and change.

FINANCE, LAND, etc

Table of finance, land, and other stocks including companies like Anglo-Siam, Anglo-Siam, Anglo-Siam, etc. with columns for stock price, high, low, and change.

MINES

Table of mine stocks including companies like Anglo-Siam, Anglo-Siam, Anglo-Siam, etc. with columns for stock price, high, low, and change.

REGIONAL & IRISH STOCKS

Table of regional and Irish stocks including companies like Anglo-Siam, Anglo-Siam, Anglo-Siam, etc. with columns for stock price, high, low, and change.

LONDON STOCK EXCHANGE

Markets more hopeful ahead of money supply data with equities higher in thin trading

Account Dealing Dates table with columns for First, Last, and Account Day.

London's financial securities markets look heart from strong hints in the financial press that UK money supply data, due at 2.30 pm today, will prove more favourable than expected, and thus reduce pressures for higher domestic interest rates.

The Government Broker was able to sell some of all three of the new "tapir" stock announced on Friday, although demand for long-dated gilts soon died away. Turnover in equities was thin, but blue chips moved up sharply.

The FT-SE 100 index closed at 1251.2, showing a gain of 17.2. There was further demand for Beecham as further meetings were scheduled with analysts and the investment press.

Government bonds opened 1/4 to 1/2 point higher, and the new tapir stock were operated at 200%.

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Government bonds opened 1/4 to 1/2 point higher, and the new tapir stock were operated at 200%. Small amounts of the 10pc Treasury Conversion were sold at 253 1/2.

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FINANCIAL TIMES STOCK INDICES table with columns for Oct 6, Oct 7, Oct 8, Oct 9, Oct 10, Oct 11, Oct 12, Oct 13, Oct 14, Oct 15, Oct 16, Oct 17, Oct 18, Oct 19, Oct 20, Oct 21, Oct 22, Oct 23, Oct 24, Oct 25, Oct 26, Oct 27, Oct 28, Oct 29, Oct 30, Oct 31, 1986, and Since Completion.

Day's High 1251.8, Day's Low 1236.9, Best 100 Govt. 15/10/26, Fleet Int. 1/28, Ordinary 1/7/35, Gold Mines 12/9/55, SE Activity 1/7/4, *Nil-11.56, *Correction.

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Starting quotations, however, were lower across the board reflecting another unsettled performance by the pound. Losses among heavyweight equities extended to over 2 points as in Randfontein, 25 1/2. Smaller Deep fell 1 1/2 to 227 1/4.

South African Financials mirrored Golds with De Beers finally 13 off at 482 1/2 and "Assant" 3 lower at 222 1/2. "Amgold" slipped 1/2 to 252 1/2.

Oil majors fluctuated narrowly awaiting news from the Opec meetings which started yesterday in Geneva. BP were finally a couple of pence dearer at 683 1/2.

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170p, while Great Victoria, the subject of persistent "call" option business recently, improved 3 1/2 to 46p. Newsletter comment lifted Thames Mining 1 1/2 to 194p.

Traded Options Traded Options attracted 20,500 contracts—15,787 calls and 4,713 puts. As on Thursday of last week, operators centred their attentions on Grand Metropolitan which attracted an extremely lively business amid fresh speculation of an impending bid. GMT recorded 3,007 calls of which over 2,000 were transacted in the October 420's.

Boots were also active with 1,045 calls and 225 puts struck. The FT-SE 100 contributed 511 calls and 1,081 puts.

Traditional Options First dealings Oct 6 Oct 28 Nov 3 Last dealings Oct 17 Oct 31 Nov 14 Last declaration Jan 8 Jan 22 Feb 5 For Settlement Jan 19 Feb 2 Feb 16

For rate indications see end of Unit Trust Service Money was given for the call of Blackwell Hedge, Cliff York and Equity, TV-A, Norfolk Capital, Glanfield Lawrence, Pearl, Fergabrook, Sandell Perkins, Abaco Investments, Riley Leisure, Eakine Industries, Fine Art Developments, Britoil, Boots, Tozer Kemsley and Millburn, Gilbert House, Epicure, Ernest Jones (Jewellers) and F. J. C. Lilly. A put was done in Fairline Bank, but no doubles were good at 65 1/2. ACM reported 14 to 150p.

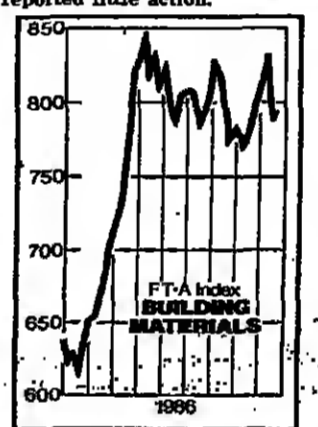
A strong overnight tonnage from Melbourne—Sydney was closed for the Labour Day holiday—stimulated good demand for Australian mines. Western Mining led the way and rose to 215p. AngloGold rose 1 1/2 to 242 1/2, and North Broken Hill, 110p, up on 4 and 5 respectively. Golds also fared well with Pegasus 9 up at 153p and Gold Mines 2 1/2 up at 153p. Line Bank, but no doubles were good at 65 1/2. ACM reported 14 to 150p.

YESTERDAY'S ACTIVE STOCKS table with columns for Stock, Price, Change, and Day's Change.

FRIDAY'S ACTIVE STOCKS table with columns for Stock, Price, Change, and Day's Change.

RISES AND FALLS YESTERDAY table with columns for Rise, Fall, and Same.

NEW HIGHS AND LOWS FOR 1986 table with columns for Stock, High, and Low.



FT-ACTUARIES INDICES

These indices are the joint compilation of the Financial Times, the Institute of Actuaries and the Faculty of Actuaries

Table of FT-Actuaries Indices for Monday October 6 1986, including Equity Groups and Sub-sections.

FIXED INTEREST

Table of Fixed Interest rates and yields, including British Government and Corporate bonds.

LONDON TRADED OPTIONS

Table of London Traded Options for various stocks and indices, including calls and puts.

EUROPEAN OPTIONS EXCHANGE

Table of European Options Exchange data for various European stocks and indices.

BASE LENDING RATES

Table of Base Lending Rates for various banks and financial institutions.

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World Stock Markets

WORLD STOCK MARKETS

Table of stock market data for various countries including Austria, Germany, Norway, Australia, Japan, Canada, Belgium/Luxembourg, Denmark, France, Italy, Netherlands, and Switzerland. Columns include stock names, prices, and changes.

Table of stock market data for Canada, Toronto, and Montreal. Columns include stock names, prices, and changes.

Indices

Table of stock market indices for various countries including Australia, Austria, Belgium, Denmark, France, Germany, Hong Kong, Italy, Japan, Netherlands, Norway, Singapore, South Africa, Sweden, Switzerland, and the World. Columns include index values and changes.

OVER-THE-COUNTER Nasdaq national market, closing prices

Table of over-the-counter stock market data for the Nasdaq national market, listing various stocks and their closing prices.

LONDON Chief price changes

Table of chief price changes in London, listing various stocks and their price movements.

NEW YORK CLOSING PRICES

Table of closing prices in New York, listing various stocks and their closing values.

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NEW YORK STOCK EXCHANGE COMPOSITE CLOSING PRICES

Table of New York Stock Exchange Composite Closing Prices, organized into columns for various stock categories and individual securities.

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NYSE COMPOSITE CLOSING PRICES

Table of NYSE Composite Closing Prices. Columns include Stock, Bid, Ask, High, Low, Last, and Change. Includes sub-sections for 'Continued from Page 48' and 'Continued on Page 47'.

AMEX COMPOSITE CLOSING PRICES

Table of AMEX Composite Closing Prices. Columns include Stock, Bid, Ask, High, Low, Last, and Change. Includes sub-sections for 'Continued from Page 48' and 'Continued on Page 47'.

OVER-THE-COUNTER

Table of Over-the-Counter closing prices. Columns include Stock, Bid, Ask, High, Low, Last, and Change. Includes sub-sections for 'Continued from Page 48' and 'Continued on Page 47'.

Continued on Page 47
Sales figures are unofficial. Yearly high and low reflect the previous 52 weeks plus the current week, but not the latest trading day. Where a split or stock dividend amounting to 10% or more has been paid, the year's high-low range and dividend are shown for the new stock only. Unless otherwise noted, rates of dividends are annual dividends based on the latest dividend.

FINANCIAL TIMES

WORLD STOCK MARKETS

WALL STREET

Stock index options provide spur

STOCK PRICES drifted higher and bond prices turned mixed yesterday in quiet trading on Wall Street, writes Rodrick Oram in New York.

A weaker dollar and lack of new economic figures left most investors on the sidelines of the bond market. Prices edged up in shorter maturities but were unchanged to lower at the longer end.

Stock prices opened fractionally lower but then jumped about 15 points as premiums on stock index options triggered some buying programmes in the underlying shares. Stocks gave up most of their gains in midmorning but revived over lunch and again near the close on programme buying.

The Dow Jones industrial average of blue chip stocks closed up 10.27 points at 1,784.45. The New York Stock Exchange composite index ended up 0.51 points at 135.32. Trading of 88.88m shares was the quietest since May 19 and left 821 issues ahead and 683 lower.

The most active sector was transportation, spurred by railroad stocks and airlines. The Dow Jones Transportation index closed up 10.37 at 822.25, less than nine points below its March 31 record of

830.84. Burlington and Northern rose 3 1/4 to \$57 1/2, CSX was ahead 5 1/2 to \$20 1/2 and Federal Express 5 1/2 to \$67 1/2.

Among blue chips yesterday, American Express was up 3/4 to \$56 1/2, McDonald's gained 1 1/4 to \$59 3/4, Minnesota Mining and Manufacturing was up 3/4 to \$100 1/2, and General Electric was ahead 3/4 to \$71 1/2.

IBM rose 2 1/2 to \$133 1/2. Although analysts are expecting it to report this week third quarter earnings of around \$2.20 a share against \$2.40 a year earlier, they are forecasting higher profits next year.

After the market closed, Mr Carl Lohan, the New York financier, offered \$31 a share for USX, valuing the former United States Steel Corporation at \$80n. He said he already owned 9.8 per cent of its common stock.

USX was once again the most active issue with more than 12.5m shares, including several 1m-share blocks, traded on all exchanges yesterday. It closed up 3/4 at \$28 1/2.

Tobacco stocks were strong following weekend news that Japan will abolish its import tariffs on cigarettes, boosting substantially US cigarette exports. Philip Morris rose \$1 to \$68, RJR Nabisco was up 3/4 to \$49 1/2 and US Tobacco was up 3/4 to \$41 1/2.

Union Carbide was off 5/4 to \$20 1/2 and GAF was down 3/4 to \$33 1/2 after GAF agreed to limit its stake in Carbide to a maximum 10 per cent.

Control Data edged up 3/4 to \$27. It proposed a share price of \$21 to \$24 for Commercial Credit (cap C and C), the financial services subsidiary it is spinning off. The unit's profits have been offsetting Control Data's losses on computers.

Polaroid gained \$2 to \$66 1/2 after the Supreme Court said it would not hear an appeal from Eastman Kodak in its patent dispute with Polaroid over instant photography. A lower court ruling had ordered Kodak to withdraw from the business. Kodak was unchanged at \$55.

BankAmerica was ahead 3/4 to \$12 1/2. The board of the troubled bank holding company met yesterday amid speculation about executive changes.

On the takeover front, Western Pacific Industries fell 3/4 to \$162 1/2 after management dropped its \$155 a share buy out proposal and accepted a \$163 a share offer from Danaher which rose 3/4 to \$11 1/2. Lucky Stores gained 3/4 to \$36 1/2 on heavy volume. It rejected as inadequate a \$35 a share takeover offer from Mr Asher Edelman.

In credit markets, bonds failed to hang on to their early gains in price mainly because the dollar fell again below DM 2. The benchmark 7 1/2 per cent Treasury long bond edged down 1/4 of a point to 96 1/2 at which it yielded 7.52 per cent.

Treasury bills were essentially unchanged at 5.04 per cent for three-month bills, 5.13 per cent for six-month and 5.25 per cent for year bills. Certificates of deposit edged lower by as much as eight basis points to stand at between 5.87 per cent for short maturities and 5.80 per cent for longer.

The markets will have little news to consider over the next few days in the absence of any major economic data until the producer price index for September is released on Friday. It should give some indication of the inflation trend. Fears that inflation was rising had dampened hopes last month of an interest rate cut but the growing evidence of poor economic growth has recently increased expectations that the Federal Reserve Board will lower its discount rate within the next few months.

EUROPE

Paris lifted by company results

THE FALLING dollar combined with uncertainty over interest rates, the outlook for Wall Street and the Opec meeting in Geneva to make many European investors hesitant.

The main bourses were mixed or easier, except for Paris which moved up on a series of good corporate results. Share prices were boosted by a FF 475 jump to FF 2,895 by Presses de la Cite, which started trading again after its suspension on September 23 amid a takeover bid by Cerus and Pechelbronn.

Other sectors to advance were food where Carrefour rose FF 45 to FF 3.4% and Moët-Hennessy up to FF 40 to FF 2,200, and electronics, which saw Matra FF 12 higher at FF 2,265.

Frankfurt finished mainly below Friday's close after early buying interest evaporated. Trading was thin in a market depressed by the dollar's decline and the belief that the Bundesbank was unlikely to cut interest rates in the near future, especially after September's fall in unemployment.

In the electrical sector, however, Siemens, which is leading the battle for control of France's CGCT telecommunications group put on DM 2.1 to DM 702.

Among banks, Commerzbank dropped DM 2 to DM 317 and Dresdner DM 1.5 to DM 407, but Deutsche Bank closed unchanged at DM 789.

Car makers were easier, with Daimler-Benz and Porsche falling DM 9 and DM 14 to DM 1,251 and DM 996 respectively.

VW's ordinary shares were down DM 7 at DM 486 while its preference shares, traded for the first time yesterday, closed at DM 454.50, down 50 pfennigs on the issue price. The price for the remaining 2.4m preference shares from VW's current rights issue was set after the bourse closed at DM 450 each.

Bonds were actively traded and prices ended higher on the day but below the highs reached in pre-bourse dealings. At the long end, gains were as much as 35 pts, although there were also a few losses. The average yield of public authority bonds fell 2 basis points to 5.80 per cent. The Bundesbank sold DM 101.1m of paper after selling DM 10.3m on Friday.

Amsterdam recouped some of the day's early losses as Wall Street picked up but leading share prices still ended easier in a thin hesitant session.

Among international KLM lost FF 0.40 to FF 46.60 while Hoogovens was steady at FF 58.80.

Banks were mixed, and insurers saw Aegon put on FF 2.8 to FF 93.3 after denying newspaper reports that a teacher was making a FF 30m claim.

From next January, the ANP-CBS index will be discontinued and replaced by the new CBS "tendency" index as the official Amsterdam stock exchange indicator.

Zurich had a quiet session on the day that continuous trading began in the bourse's 25 most active issues. Share prices closed very narrowly mixed, and bonds were steady.

Brussels was also little changed, with buyers holding off on the settlement day of the fortnightly trading period. Petrobrima climbed BFR 60 to BFR 9,440, while Vitelle Montagne lost BFR 190 to BFR 5,800 after a first half loss.

Milan saw demand for Montedison contrast with losses for Fiat and Olivetti. Montedison, which launched its L947bn rights issue amid continued criticism of its purchase of a further stake La Fondiaria, climbed L180 to L3,850. However, Fiat dropped L150 to L14,800 while Olivetti fell L435 to L18,250.

Stockholm, boosted by technical factors and hopes of favourable company results this week, closed sharply higher after a session of heavy trading.

Oslo prices fell across the board on details of the 1987 budget. Norsk Hydro, which said 1986 profits would be lower than expected, lost Nkr 5 to Nkr 148.

Madrid moved higher, with substantial gains for construction issues. Telefonica, which is selling its stake in a cable venture, was 0.5 points up at 190.2 per cent of nominal value.

TOKYO

Attempts at rebound run out of steam

A FURTHER SETBACK was suffered in Tokyo yesterday with institutional investors and dealers sitting on the sidelines after the violent fluctuations last week, writes Shigeo Nishiwaiki of Jiji Press.

The Nikkei market average fell 171.12 to 17,435.33 on the second lowest volume of the year - 253.8m shares compared with 651.64m last Friday. The lowest was 232.41m registered on January 21. Losses outpaced gains 383 to 370 with 133 issues unchanged.

The Nikkei lost 1,162 points in four straight days to last Thursday, but recovered 587 on Friday and Saturday. The two-day rally was due chiefly to active buying by investment trusts, which sharply pushed up biotechnologies, non-ferrous metals and oils.

However, investors viewed the rebound as only a technical rally and were expecting no immediate full-scale recovery. They were further discouraged when Mr Satoshi Sumita, Bank of Japan governor, made remarks ruling out an immediate fourth cut in the official discount rate and the uncertain outlook of crude oil prices.

The cautious mood was strengthened by the approach of a market holiday next Friday and Saturday.

Market leaders fell sharply together with issues related to the Tokyo Bay area redevelopment project, which had been sought by brokerage house dealers and institutional investors to reap capital gains. Ishikawajima-Harima Heavy Industries topped the active list with 13.99m shares, but dropped Y33 to Y566. Tokyo Gas fell Y40 to Y2,070 while Nippon Kokan lost Y12 to Y297.

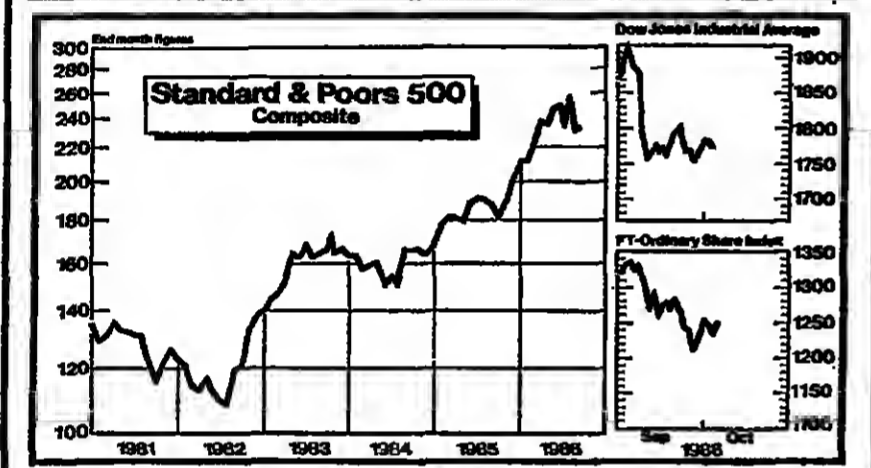
Among other large capital stocks, Tokyo Electric Power gained Y80 to Y7,380 but Kawasaki Steel and Mitsubishi Heavy Industries fell Y13 to Y562 and Y12 to Y568, respectively.

Domestic demand-related issues were also weaker, with Obayashi losing Y48 to Y972.

Trade was slow on the bond market in the absence of fresh incentives, but prices firmed slightly on speculative trading by the dealing sections of banks and securities houses. The yield on the benchmark 6.2 per cent government bond maturing in July 1995 dipped from 4.785 per cent Saturday to 4.720 per cent.

Fuying shrank greatly in the 5.1 per cent government bond due in June 1998, which had attracted buying last week as the issue that may replace the 6.2 per cent bond as the bellwether issue.

KEY MARKET MONITORS



STOCK MARKET INDICES				
	Oct 6	Previous	Year ago	
NEW YORK				
DJ Industrials	1,784.45	1,774.18	1,328.74	
DJ Transport	822.25	811.88	647.24	
DJ Utilities	200.20	195.82	153.16	
S&P Composite	234.78	233.71	183.22	
LONDON				
FT Ord	1,251.2	1,234.0	1,012.4	
FT-SE 100	1,578.9	1,560.8	1,313.0	
FT-A All-share	777.75	770.44	633.85	
FT-A 500	854.85	845.53	697.57	
FT Gold mines	316.2	328.8	286.4	
FT-A Long gilt	10.41	10.4	10.81	
TOKYO				
Nikkei	17,435.33	17,240.22	12,718.3	
Tokyo SE	1,454.83	1,449.59	1,026.33	
AUSTRALIA				
All Ord.	1,310.8	1,287.3	1,011.9	
Metals & Mins.	694.3	684.5	530.5	
AUSTRIA				
Credit Aktien	234.48	234.85	206.70	
BELGIUM				
Belgian SE	3,867.75	3,865.29	2,514.20	
CANADA				
Toronto Metals & Mins	2,174.5	2,165.19	1,862	
Composite	2,016.0	2,000.0	1,632.22	
Headline Portfolio	n/a	1,511.28	1,288.82	
DENMARK				
SE	n/a	n/a	226.31	
FRANCE				
CAC Gen	386.60	384.50	205.9	
Ind. Tendance	151.20	149.50	74.8	
WEST GERMANY				
FAZ Aktien	673.33	671.70	541.02	
Commerzbank	2,016.40	2,008.9	1,592.2	
HONG KONG				
Hang Seng	2,084.93	2,134.80	1,587.44	
ITALY				
Banca Comm.	746.38	750.74	411.23	
NETHERLANDS				
ANP-CBS Gen	277.30	280.0	212.4	
ANP-CBS Ind	277.80	280.5	187.9	
NORWAY				
Osto SE	376.75	377.71	371.58	
SINGAPORE				
Straits Times	818.51	818.15	767.40	
SOUTH AFRICA				
USE Golds	—	1,897.0	1,048.5	
USE Industrials	—	1,378.0	969.9	
SPAIN				
Madrid SE	202.57	200.88	84.80	
SWEDEN				
J & P	2,488.14	2,478.70	1,370.51	
SWITZERLAND				
Swiss Bank Ind	551.60	553.3	467.2	
WORLD				
MS Capital Int'l	341.9	340.7	225.1	

COMMODITIES				
	Oct 6	Prev		
(London)				
Silver (spot fixing)	398.75	400.60p		
Copper (cash)	£948.0	£925.55		
Coffee (Nov)	£2,305.00	£2,219.00		
Oil (Brent blend)	\$13.75	\$13.75		

GOLD (per ounce)			
	Oct 6	Prev	
London	\$438	\$437.00	
Zürich	\$437.57	\$436.75	
Paris (fixing)	\$434.86	\$435.03	
Luxembourg	\$436.00	\$437.75	
New York (Dec)	\$442.8	\$437.5	

LONDON

Rally ahead of money supply data

MARKETS in London took heart from expectations that today's UK money supply data will prove more favourable than thought earlier, reducing pressures for higher domestic interest rates.

The stock market looked firm but dealers reported thin trade in many stocks. The Financial Times ordinary index put on 17.3 to 1,251.2.

The gilt edged sector lost some of its earlier impetus and by the close, long-dated issues were little changed on the day while gains among the shorts had been trimmed to 1/4.

Chief price changes, Page 47; Details, Page 46; Share information service, Pages 44-45.

AUSTRALIA

A RECORD SETTING performance was seen in Australian markets despite the Labour Day holiday that kept the Sydney stock exchange closed.

The All Ordinaries index rose 12.2 to 1,310.8 - its first foray above the 1,300 level - while strong demand for golds and metals took the Gold index 41.4 higher to 1,593.3. Turnover was high at 78.25m shares worth A\$262.2m.

The volume was boosted by a special sale by Bell Resources of 8.8m shares in Bell Group for A\$85m, or A\$9.83 per share. Broker Orr Minnett was understood to have placed shares with institutions at A\$9.75. Bell Group ended 40 cents lower at A\$10 after a day's low of A\$9.90.

SINGAPORE

A HESITANT MOOD overhung Singapore although a revival of foreign demand and purchases of some blue chips managed to outweigh local profit-taking.

The Straits Times industrial index rose 3.36 to \$19.51 on turnover that rose to 16.2m shares from Friday's 12.8m.

Among actively traded issues, City Development put on 3 cents to \$82.01 and CBCC rose 5 cents to \$88.10 but Sino Darby shed 1 cent to \$51.60.

ICS posted a 25 cent rise to \$36.75, while DBS rose 20 cents to \$38.00 and Fraser and Neave 15 cents to \$38.45. Ten cent advances took SIA to \$37.80, Singapore Press to \$38.05 and UOB to \$34.20.

CANADA

A BROADLY higher trend emerged in Toronto after an early rally had been bolstered by a stronger showing in the resource sector.

Among active issues, Continental Bank of Canada rose C\$3/4 to C\$15 1/2 as trading resumed after the week long halt following the announcement that the bank proposed a merger with Lloyd's Bank of London.

Toronto Dominion Bank put on C\$3/4 to C\$23 and Bank of British Columbia added 11 cents to C\$2.90.

SOUTH AFRICA

THE ABSENCE of a clear trend in bullion prices made for hesitant Johannesburg trading and gold shares closed slightly easier on the day.

Randfontein lost R3 to R475 and Elsburg 40 cents to R12.90 but Deelkraal went against the trend with a 20 cent gain to R14.50.

Platinum shadowed golds with Rustenburg 50 cents lower at R53.25 but other miners were mostly steady with De Beers unchanged at R332.75.

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When you invest in gold bullion, choose the most portable and widely-accepted—Canada's Gold Maple Leaf. To suit your individual investment needs, the Gold Maple Leaf is available in 1 oz., 1/2 oz., 1/4 oz., and 1/10 oz. sizes.	The Gold Maple Leaf contains a minimum of one troy ounce of 999.9 fine gold, no other coin is purer. It has no base metals, which add weight but little value.	The Gold Maple Leaf is produced from gold mined and refined entirely in Canada. The Canadian government guarantees its gold content and gives it legal tender status.	The Gold Maple Leaf is recognized around the world. It can be quickly and easily traded with no costly assay at resale. You will find the Gold Maple Leaf wherever gold is traded—at banks, brokerage houses and coin dealers.



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